DECEMBER 2, 1955 20 CENTS

U.S. News
& World Report

The United States News ® World Report ®

WHY IT WILL COST MORE TO BORROW

1947 TO 1955—

WORLD WAR III, RUSSIAN STYLE

Who is Winning?

Photograph by Viles

More bacon and eggs coming up!

When you want good food—and want it quickly—there's nothing like bacon and eggs. And right now America is getting more and better pork and poultry products faster from farms all over the country.

For more and more farmers are protecting and improving the health of pigs and poultry with better medicines, more effective vaccines and sera, and such remarkable developments as the antibiotic feed supplements. As a result, these farm animals stay healthier, grow faster, come to market sooner and provide more of the better grades of meat at lower costs. This means that millions of extra pounds of top-quality bacon, ham, pork chops and spareribs, as well as extra supplies of chicken and eggs, are coming to America's dinner table.

As a leader in the development and production of important veterinary medicines and such products as AUROFAC® feed supplements containing AUREOMYCIN® Chlortetracycline, American Cyanamid Company is helping the nation's farmers produce more and better food for you.

AMERICAN *Cyanamid* COMPANY

30 ROCKEFELLER PLAZA, NEW YORK 20, N.Y.

Q.E.D.

December, 1955—High corporation profits.

Continued high purchases of machine tools.

Continued stable cost of living.

Largest peace-time production ever known.

Highest employment in history.

Highest factory take-home pay of all time.

Each results from those before. As we used to say in high school—Q.E.D.—there's your proof.

Crawler-mounted Gradall excavating for highway culvert. Gradall is a registered trade name.

WARNER
&
SWASEY
Cleveland
PRECISION
MACHINERY
SINCE 1880

YOU CAN PRODUCE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY MACHINE TOOLS, TEXTILE MACHINERY, CONSTRUCTION MACHINERY

★ ★ ★ **CIRCULATION—MORE THAN 750,000** ★ ★ ★

IN THIS ISSUE:

★ "Jazz Man" in Europe, "Mystery Man" in Asia

Here are exclusive interviews with two unusual personalities —Louis (Satchmo) Armstrong, whose American jazz is taking Europe by storm, page 54; and the "mystery man of Asia," Chiang's ambitious son and probable successor, page 86.

★ How U.S. Is Scuttling Its Overseas Cotton Market

For the story of how U. S., over the years, has undermined its own foreign markets for cotton, see page 74.

★ Are Private Schools Next in Line for Tax Aid?

Efforts to that end are coming from two directions. See page 35. Also: text of Catholic views, and a Protestant reply, page 102.

★ Cover Articles: World War III, Russian Style—Who Is Winning? Page 19. Why It Will Cost More To Borrow, page 28.

★ Contents

March of News.................................... 4
Tomorrow: A Look Ahead.................... 7
Washington Whispers........................ 12
People of the Week........................... 14
World War III, Russian Style................ 19
What War Games Show: If You Wait to
  Be Hit, You May Never Hit Back.......... 26
Why Borrowing Will Cost More.............. 28
At the Grassroots, Politics Is Hot.......... 32
Should Taxes Support Nonpublic Schools? 35
Photo Report: Ike Calls Cabinet Meeting 42
India: Where Reds Get the Red Carpet...... 44
Worldgram.. 49
We've Been Asked: Is 6-Month Plan
  For Military Training a Failure?.......... 53
"They Cross Iron Curtain for U. S. Jazz"
  —Interview With Louis Armstrong........ 54
The Man—The News:
  Lyndon Johnson—What South's Up To.. 67
New Fight on Foreign Aid..................... 70
A Farm Headache That Hangs On............ 74
Memo From Kenya.............................. 79
News You Can Use............................. 83
How Chiang's Son Plans to Retake China
  —Interview With Chiang Ching-kuo.... 86
Labor Week:
  Where Pay Is Highest......................... 97
Public Aid for Private Schools?
  In Text: Catholic, Protestant Views......102
Plus and Minus:
  Indicators of Business Activity............106
News-Lines for Businessmen...................108
Stevenson and Harriman Look at 1956
  Issues—Full Texts of Recent Speeches..110
Trend of Business...............................117
Finance Week:
  Behind the Market Comeback—..........120
Business Around the World....................125
David Lawrence Editorial.......................128

The Associated Press is exclusively entitled to the use for republication of the local telegraphic and cable news published herein, originated by U. S. News & World Report or obtained from The Associated Press.

HANDY WAY TO SUBSCRIBE

U. S. NEWS & WORLD REPORT
Circulation Department, 437 Parker Ave., Dayton 1, Ohio

Please enter my subscription to U. S. News & World Report for one year and send bill to me. (U. S., its possessions and Canada, $5, other countries, $6.)

Name____________________

Address____________________

City__________ State__________

NHW 26

THE UNITED STATES NEWS
WORLD REPORT
U. S. WEEKLY
Three Titles Reg. U. S. Pat. Off.

Published weekly at Washington, D. C., Editorial and Executive Offices, the United States News Building, 24th & N Streets, N.W., Washington 7, D. C. Subscription rates, delivered prepaid, to United States, its possessions and Canada, $5 for one year, $8 for two years, $10 for three years. Postage to other countries $1 a year additional. Entered as second-class matter at the post office Washington, D.C., under the act of March 3, 1879.

Entire contents of this publication copyrighted 1955 by United States News Publishing Corporation. Rights reserved under Pan American Copyright Convention and International Copyright Convention.

BOARD OF EDITORS
DAVID LAWRENCE, *Editor*
OWEN L. SCOTT, *Executive Editor*
BEN J. GRANT   L. NOBLE ROBINSON
Assistant Executive Editors
CARSON F. LYMAN
Managing Editor
WALTER HUSTED, *General News Editor*   DEREK FOX, *Art Editor*

ASSOCIATE EDITORS
W. B. RAGSDALE   GEORGE W. BOLTON
RICHARD L. TURNER   GLENN WILLIAMS
M. L. RAMSAY   W. C. BRYANT
JOHN H. ADAMS   GEORGE E. JONES
FRED M. HARMON   JULES B. BILLARD
ARCHIE ROBINSON   ROBERT GINSBURGH
LEONARD WILLIAMS   DONALD P. DOANE
CHARLES M. PLATT   CLARKE BEACH
J. FRANK DIGGS   GRANT SALISBURY
CHARLES E. WHITING

A. S. McLEOD, *Chief Economic Unit*
PHILIP H. BOLLINGER   CHARLES H. DAVEY
JOHN B. BLEDSOE   THOMAS H. F. HUGHES

Regional Editors: New York—GILMORE IDEN, FRED VANDERSCHMIDT; **San Francisco**—EDWIN J. DRECHSEL

NEWS EDITORS
TURNER ROSE, *Chief of News Editors*
WILLIAM H. RIEBOLD   DONALD BECKER
THURBER W. CUSHING   JOHN P. SUTHERLAND
F. W. GAPP   L. DAVID LeROY
N. KEY HART   F. E. GALBRAITH, JR.
FRED A. EMERY   CLAIR JOHNSON
FRED C. PAINTON

Assistant News Editors: Barbara Blair Furlow, Iva Holland, Lucy Cobb Jones, Thomas E. Russell, Donald Smith.

Research: Catherine Adams, Mabel S. Groettum.

WORLD STAFF
HOWARD FLIEGER, *Directing Editor*
JOHN R. FLEMING, *Associate Director*

CHARLES FOLTZ, JR., *European News Editor*
CLARK H. GALLOWAY, *Inter-American News Editor*
PERRY K. SELLON, *Editor, World Business*

CHARLES H. KLINE, *Associate Editor, London*

REGIONAL EDITORS ABROAD
ROBERT KLEIMAN.............Western Europe
KURT LACHMANN.............Central Europe
JOE FROMM.............Southern Europe
JOHN D. LAW.............Southeast Asia
ROBERT P. MARTIN.............Japan and the Far East
ALBERT J. MEYERS.............United Kingdom

BUREAUS: LONDON, PARIS, BONN, ROME, NEW DELHI, TOKYO

ART DEPARTMENT, WASHINGTON
H. KLEBANOFF, *Director*   J. Ernest Beavin, H. C. Richardson, Walter O. Gretschel, E. H. Castens, M. J. Shimp
Staff Photographer: Thomas J. O'Halloran, Jr.

LUTHER A. DAWSON, *Librarian*

BUSINESS DEPARTMENT
24th & N Sts., N.W.   Washington 7, D. C.
JOHN H. SWEET, *Publishing Director*
ANTHONY R. GOULD, *Business Manager*
HAROLD M. WELLS, *Executive Secretary*
W. L. BRAUER, *Treasurer*

ADVERTISING DEPARTMENT
30 Rockefeller Plaza   New York 20, N. Y.
Tel. Circle 6-3366
H. L. BEHLKE, *Director of Advertising*

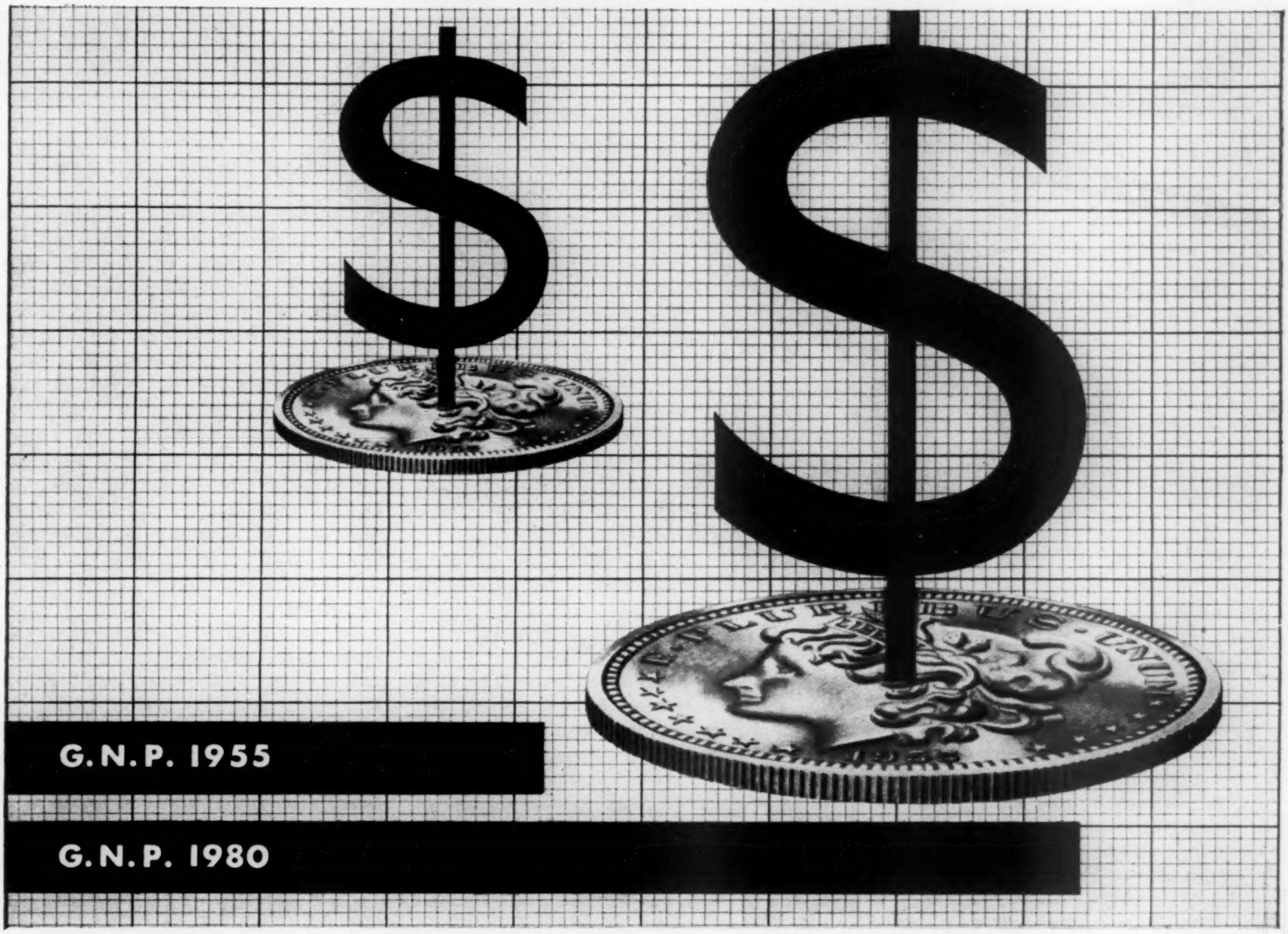
NORMAN O. MICK, *Associate Advertising Director*
35 East Wacker Drive   Chicago 1, Ill.
Tel. Dearborn 2-4042

CIRCULATION DEPARTMENT
435 Parker Avenue   Dayton 1, Ohio
W. W. SPURGEON, *Manager*

PRODUCTION OFFICE
RALPH M. FRANCISCO, *Manager*
350 Dennison Avenue   Dayton 1, Ohio
Tel. Melrose 9231

All communications relating to news or editorial matters should be addressed to the Executive Offices, 24th & N Streets, N.W., Washington 7, D.C. Tel. District 7-2900. Communications relating to subscriptions should be addressed to Circulation Department, 435 Parker Avenue, Dayton 1, Ohio

Will The Nation's Business Double... in the Next 25 Years?



Gross national product, the total value of the nation's output of goods and services, measured in a constant price level, should *double,* according to a careful estimate, in the next 25 years.*

This projection is based on the consumer needs of America's expanding population and implies the ability of American industry to increase productivity per-man-hour under the free enterprise system. Opportunities for expansion by both capital and consumer goods industries are apparent.

Availability of funds to take advantage of these opportunities as they arise is a prime consideration in the planning of growth-minded executives.

The credit requirements of large and small corporations in a wide variety of industries are met promptly and resourcefully at The Bank of New York, a commercial bank for the past 171 years.

The services of this Bank are geared to the banking needs of corporations in today's expanding economy.

*Based on our projection of *Materials Prepared For The Joint Committee On The Economic Report.*

THE BANK OF NEW YORK

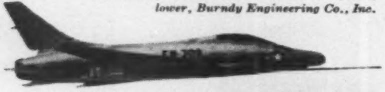
New York's First Bank • Founded 1784

Main Office: 48 WALL ST. ☆ *Uptown Offices:* 530 FIFTH AVE. ☆ MADISON AVE. AT 63rd ☆ MADISON AVE. AT 73rd
(Temporary During Construction)

Member Federal Deposit Insurance Corporation

THE DUAL ROLE OF
DUREZ IN INDUSTRY

Photos: upper, North American Aviation, Inc., lower, Burndy Engineering Co., Inc.



DUREZ PLASTICS

a safety factor for fighter pilots

DUREZ RESINS

key element in
new casting method

Your business could profit with **BOTH**

They're poles apart in service conditions ...the Super Sabre's solderless electrical disconnect panels, and shell molds for producing ultrasmooth foundry castings. Yet one class of plastics is so versatile it's preferred in both...the Durez phenolics. As molding plastics, Durez phenolics combine light weight with impact strength, lustrous surfaces, resistance to heat and chemical action, and excellent electrical properties. As resins they improve products and processes when used to bond, coat, or impregnate.

For their profitable use in your business, see your molder...or Durez, the leader in developing the phenolics, and their largest producer.

Write for our latest general bulletin

DUREZ PLASTICS DIVISION
HOOKER ELECTROCHEMICAL COMPANY
912 Walck Road, North Tonawanda, N. Y.

DUREZ®

"LEADERS IN PHENOLIC PLASTICS"

The March of the News

INTEGRATED TRAVEL?

"JIM CROW" TRAVEL accommodations and public waiting rooms for "colored only" will become things of the past, even in the Deep South, if a new ruling by the Interstate Commerce Commission is enforced.

In a sweeping decision, the ICC ordered an end to racial segregation on interstate passenger trains and buses, and ruled out segregated public waiting rooms. Said the Commission: "The disadvantage to a traveler who is assigned accommodations or facilities so designated as to imply his inherent inferiority solely because of his race must be regarded under present conditions as unreasonable.

"Also, he is entitled to be free of annoyances, some petty and some substantial, which almost inevitably accompany segregation even though the rail carriers, as most of the defendants have done here, sincerely try to provide both races with equally convenient and comfortable cars and waiting rooms."

The ICC ruled in two separate cases involving 13 railroads and a bus company.

RUSSIA'S BIG BOMB

RUSSIA'S big nuclear explosion brought an unusual announcement from the Atomic Energy Commission. The blast was described as "the largest thus far in the U.S.S.R." AEC Chairman Lewis L. Strauss said it "was in the range of megatons."

One megaton equals 1 million tons of TNT in explosive force. Hydrogen bombs tested by U. S. have been rated in megatons. Atom bombs are rated in kilotons, equal to thousands of tons of TNT.

Never before has the AEC commented on the size of a Soviet blast. The Commission had reported on August 4 that Russia was starting a new series of tests, and nuclear explosions were reported September 24 and November 10.

"The Russian tests," last week's AEC announcement said, "indicate an increasingly intensive effort by the Soviet Government to develop their nuclear-weapons potential."

So far, public announcements have credited Russia with setting off 14 atomic or hydrogen explosions. U. S. has fired 65 test blasts.

WHO WENT WHERE?

CONGRESSIONAL INVESTIGATORS were about to step into a field that they traditionally leave alone. A Senate subcommittee asked Pentagon officials for a list of all Air Force flights made by members of Congress since Jan. 1, 1953. Defense Department employes got to work, assembling thousands of flight manifests to show how many Congressmen traveled in the U. S. and abroad, and how many wives, aides and "guests" accompanied them. The compilation will take about two months.

"MILITANT LIBERTY"

PENTAGON OFFICIALS turned their attention to the ideological front last week. Defense Secretary Charles E. Wilson helped launch his Department's answer to militant Communism—an educational program entitled "Militant Liberty."

Core of the new program is a 13-page pamphlet, designed as a training manual for 3 million servicemen. It will be used in educational courses to be launched next spring, analyzing the basic conflicts between the free world and Communism. Defense officials hope to prevent a recurrence of what happened in Korea, when some U. S. prisoners proved unable to resist propaganda and brain washing by Communists.

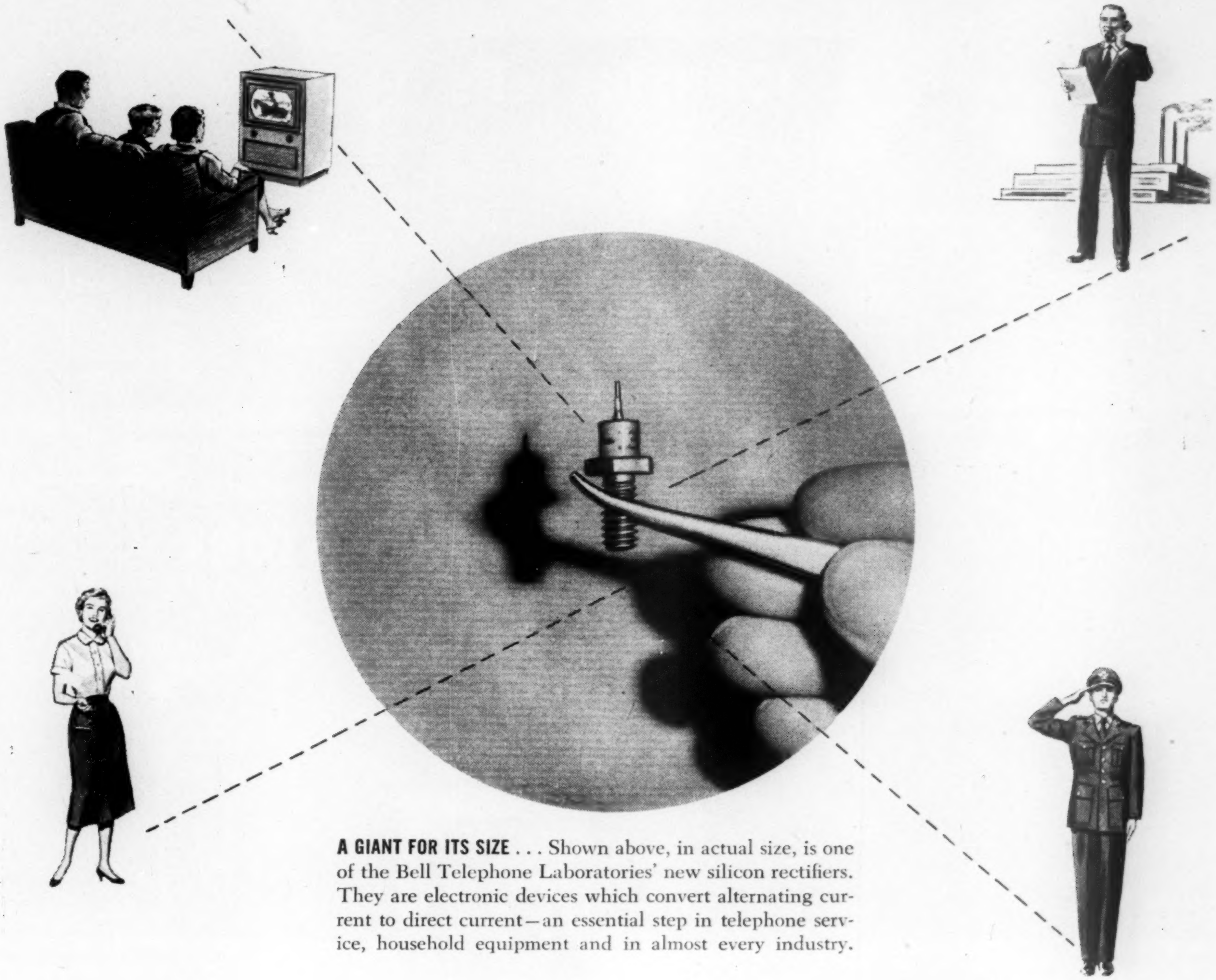
In the Communist armies, meanwhile, ideological schooling continues. As an article in the Soviet Army publication *Red Star* puts it: The party must "apply every means of ideological-political influence . . . to raising the awareness and vigilance of the Soviet troops, to educating them in unlimited devotion to the motherland, the Communist Party and the Soviet Government."

ROUTINE EXECUTIONS

MOSCOW NEWSPAPERS didn't bother to print the news when six secret-police officials of the Georgian Republic were put to death last week and two were sentenced to life imprisonment. The charges were electrifying enough: high treason, terrorist activities and counter-revolutionary work.

The executions apparently were belated repercussions of the execution, in December, 1953, of Lavrenti P. Beria, secret-police chief in the Stalin era. Six "Beria men" had died with their chief then. Another group of six Beria followers was liquidated in December, 1954. Now the third wave of the purge had begun.

One sure sign that the new executions were just routine, and not a sign of great upheaval: Russia's state-security chief, Gen. Ivan A. Serov, was off traveling in India at the time, didn't bother to return home.



A GIANT FOR ITS SIZE . . . Shown above, in actual size, is one of the Bell Telephone Laboratories' new silicon rectifiers. They are electronic devices which convert alternating current to direct current—an essential step in telephone service, household equipment and in almost every industry.

Another New Electronic Development from Telephone Research

IMPORTANT NEW SILICON RECTIFIER, WITH MANY POSSIBILITIES IN TELEPHONY AND OTHER FIELDS, IS PRODUCED AT BELL TELEPHONE LABORATORIES

The new silicon rectifier is an example of how telephone research, though primarily for communications, brings benefits to many other industries and to many people.

It is a product of original work at Bell Laboratories which produced the Transistor (mighty mite of electronics) and the Bell Solar Battery (first device to convert sunlight into substantial amounts of electricity).

The new rectifier is expected to have an almost unlimited life span. It is much smaller than tube rectifiers of equal performance and it does not require the bulky cooling equipment of other metallic rectifiers.

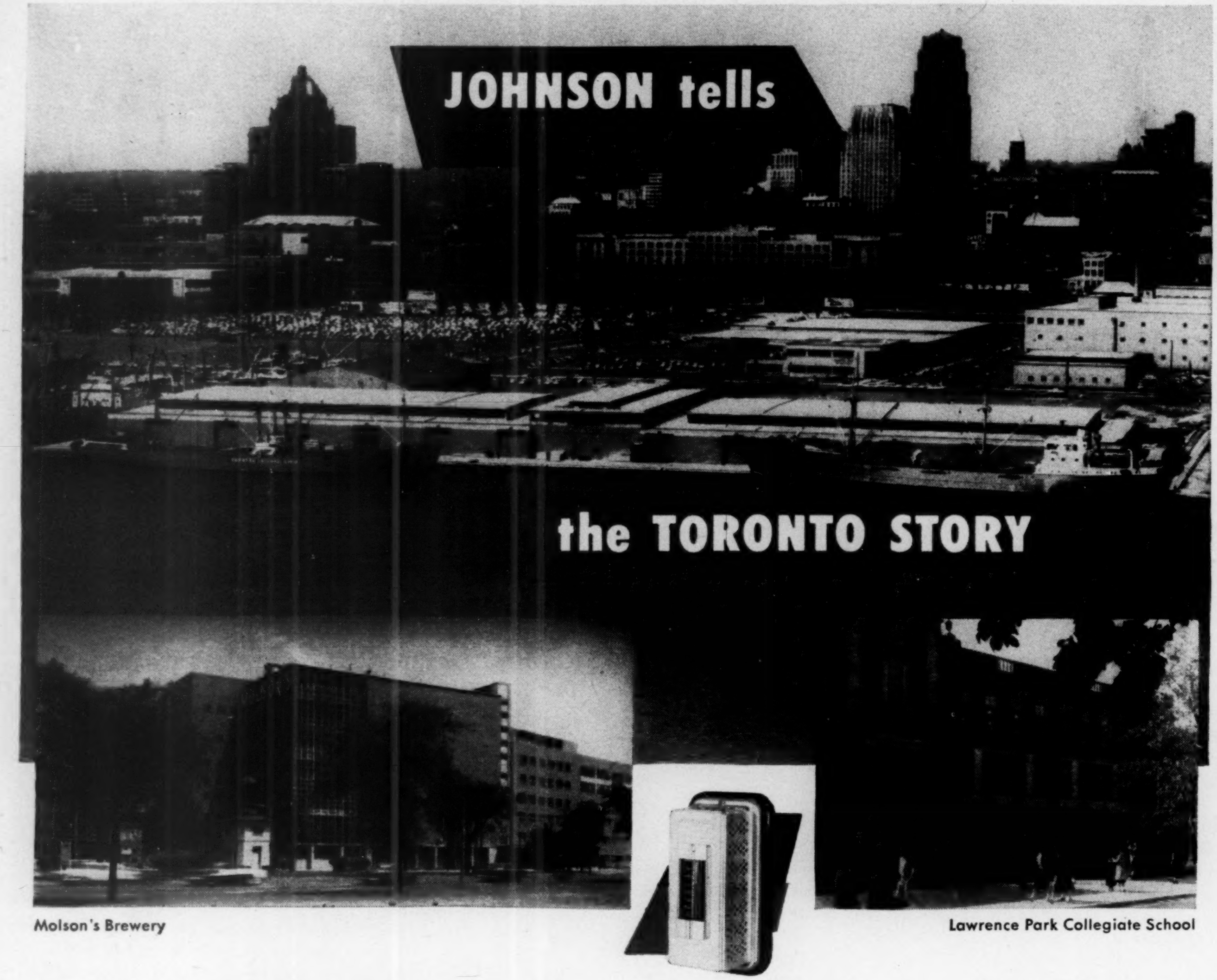
Its small size permits the use of miniature units. Yet the new techniques may also be applied to larger sizes and thus provide entirely new current and power possibilities.

In the Bell System the new rectifier will supply direct current more economically for telephone calls. It can also have important uses in television, computers, industrial machines and military equipment.

Many other benefits for telephone users and for all the people will continue to come from this long-range pioneering work in electronics at Bell Telephone Laboratories.

BELL TELEPHONE SYSTEM

JOHNSON tells the TORONTO STORY



Molson's Brewery

Lawrence Park Collegiate School

One of the really vital buying decisions you make when you build or modernize is your choice of air conditioning and heating controls. The *right* control system not only provides perfectly regulated indoor temperatures, but also makes possible the waste-free operation of your air conditioning, heating and ventilating systems.

Every Johnson Automatic Temperature Control System, small or large, is engineered to these exacting standards. That's why you'll find Johnson Control in a majority of the better buildings everywhere.

In progressive Toronto, for example, there is Johnson Control in the Royal York, King Edward and other leading hotels . . . in 6 of the 9 leading hospitals, including Toronto General, Toronto Western and Sick Children's . . . in most of the schools—nearly 100 of them . . . in the Tivoli, Loew's and other top theaters . . . in most University of Toronto buildings . . . in leading banks . . . in fine stores, apartments and restaurants.

Many of Toronto's modern air conditioned office buildings depend on Johnson Control—the Crown Life Insurance, Procter & Gamble, Continental Casualty, Anglo Canada Insurance, Hydro Engineering and Knight buildings, to name just a few! Other outstanding buildings with Johnson Control include the British American Oil Co. Building . . . the Treasury Building, Defence Research Medical Laboratories and other government buildings . . . Molson's new brewery, O'Keefe's Retail Store and the new Liquor Control Board Building!

Johnson Control also correctly solves the diversified temperature control problems of Toronto industrial buildings . . . for such well known firms as DeHavilland Aircraft, Lever Bros., Sunbeam, Perfect Circle, Canada Packers, Eli Lilly, York Knitting Mills, Wm. Neilson, Gair Company, British Oxygen, E. S. & A. Robinson and many others!

In city after city, *everywhere*, the story is the same —Johnson Control in most of the important buildings. To be sure you get the *right* temperature control system for your own building—one that will insure ideal temperatures and minimize operating costs—turn the job over to the specialist Johnson organization. An engineer from a nearby Johnson branch will gladly make recommendations without obligation.

Johnson Service Company, Milwaukee 1, Wisconsin. In Canada, Johnson Temperature Regulating Co. of Canada Ltd., Toronto 16, Ontario. Direct Branch Offices in Principal Cities of the U.S. and Canada.

JOHNSON CONTROL

TEMPERATURE ⇅ AIR CONDITIONING

PLANNING • MANUFACTURING • INSTALLING • SINCE 1885

FROM THE
NATION'S
CAPITAL

Tomorrow ®

A
LOOK
AHEAD

Newsgram ®

24th and N Streets, N.W.
Washington, D.C.

Congress, due back soon, is to have something new for many people.

Taxpayers are to get about 2.5 billions of tax relief. Small taxpayers will get most of the saving. Tax rates, probably, will be changed little. Personal exemptions, likely to be raised from $600 to $700, will eat up most of the tax savings. Excise tax injustices will be corrected in some cases. Excise taxes, however, are likely to reflect few, if any, rate changes.

Tax rates on corporations will be left unchanged.

Capital-gains tax, almost surely, will stay where it is.

Working women, wives of retired persons, are likely to become entitled to benefits at age of 62, instead of 65 as now. Doctors, lawyers, others in the professions probably will be covered by some retirement plan. Tax-free earnings of a limited amount may be permitted these groups, to build retirement funds. Disability, total and permanent, may possibly be covered by the Social Security system in some limited form, but that is far from sure.

Health insurance in any form will continue to have hard going. Disaster insurance will be considered, but probably not enacted.

Farmers will get something more than now. Price supports at 90 per cent of "parity" will be voted, but probably vetoed. Payments for conserving the soil almost surely will be increased. Acreage controls will be tightened as a means of trying to get production under more control. "Soil bank" will be talked about, but probably not voted. Surplus disposal abroad will get much more attention. Odds are that Congress will order more action in this field.

Two-price system for wheat, cotton, to be pushed, seems unlikely to be approved next year. Drift in thinking, however, is toward some form of price fixing in the domestic market and subsidized exports to the outside world. That will be attacked as "dumping," but it's an idea that is gaining support.

The farm vote can be decisive in 1956 and Congress will woo it.

Federal aid for school construction will be strongly supported. Chances are, however, that it will not make the grade. Segregation issue in the South, religious issue in the North combine to complicate this problem.

Highway building will get a much larger subsidy than now. Federal grants are likely to be increased within the present framework, not tied to any big new program financed either by new taxes or through large-scale borrowing.

Issue of federal regulation of natural gas will be hard-fought. It is anybody's guess what the Senate will do on this issue. Public power will be debated, fought over, but not much new will emerge.

(over)

(No part of this or any other page may be reproduced without written permission)

People continue to be in a free-and-easy mood on spending. Christmas trade will break all records by a rather wide margin.

Spending, however, is showing some shifts. New-car buying seems to show a little less zip than it did. TV sales, household-appliance sales are not fully up to expectations. So-called "soft goods"--clothing items, shoes, other products that go into everyday living--continue to go strongly.

Business trends are running about as expected.

Autos, with prices higher, credit not quite so easy, face a harder job of selling. Auto output, at present levels, is tending to outrun demand. Automobile inventories are likely to be sizable by the year end.

Residential building, at the moment, is in a definite squeeze. The cause? Tighter mortgage credit. Tighter credit, in months ahead, is likely to affect commercial building, other fields of activity as well.

Industry, investing more heavily in new plant and equipment, will help offset the decline in housing. Buying by industry to replenish inventories likewise will tend to keep things rolling. Tax cuts, to come by mid-1956, will release substantial amounts of money to individuals to spend or save.

Result: Any slowing of the boom in 1956 will probably be moderate. At the first sign of trouble, Government will act to make borrowing easier.

Everything considered, the outlook pattern still appears to be this:

First quarter, 1956: New highs for the boom at the start, then maybe a little hesitation as credit controls squeeze housing, autos.

Second quarter: Probably down a bit from the top. Credit easing a fair prospect for sometime in this quarter. Tax cut likely before July.

Third quarter: Maybe stability at a level somewhat below the top.

Fourth quarter: Moderate turn upward probable.

Planning for the next 12 months is related to a turn upward in business during the late-1956 months, when politics will be dominant. If the timing of official policies works out as now planned, that will be the pattern.

Farming is the sick part of the economy. Hog prices, drastically lower, will mean lower income in the rich corn-hog belt. Cattle prices, down too, will accentuate the income decline of that same region.

Depression for some farmers, however, is not likely to upset the whole economy. Farmer troubles, as it works out, can be a gain for a good many wage earners. Wage earners, with pay up, need to use less income for food and clothing than they would use if farmers enjoyed "parity" of income. More money is left over to buy so-called luxuries--to live in the style to which city people are becoming accustomed.

As politics picks up momentum: Stevenson is far out front among the Democrats. Stevenson's nomination, though, remains far from sure. A front runner at this point takes a big chance on being tripped up. Harriman is very much a candidate but faces big hurdles. Kefauver will face the problems that he faced in 1952, maybe multiplied. A dark horse is a possibility.

Eisenhower will dominate all Republican activity. If Ike does bow out, Nixon will move up front for a try. Warren, despite his resistance, may face a draft move that he would have to knock down. Things remain uncertain.

(No part of this or any other page may be reproduced without written permission)

wings and words

Faster than sound — the jet . . .

Yet a million times slower than your telephone. Each day, General Telephone, America's largest independent system, carries over ten million messages.

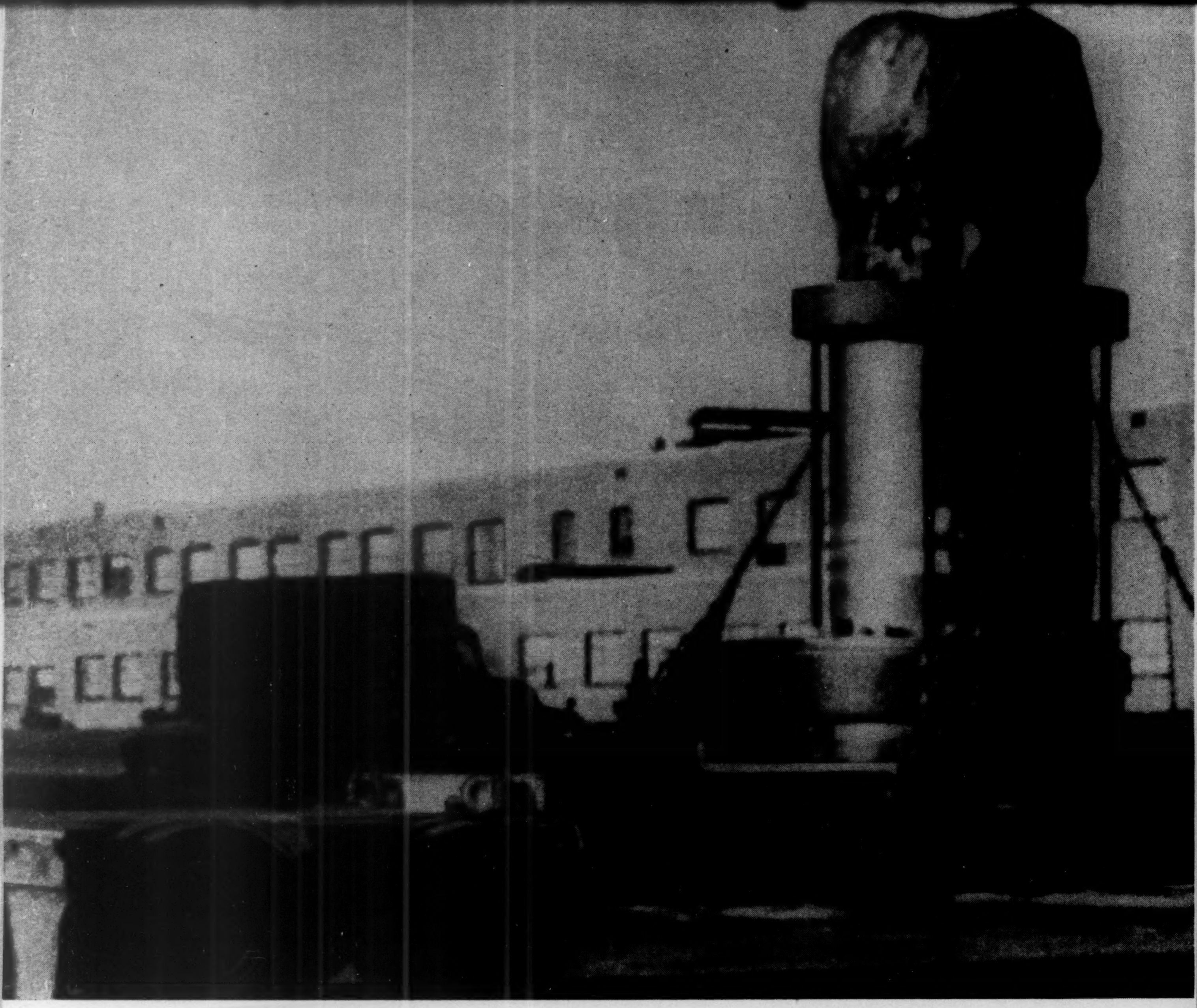
Words vital to the progress of the expanding areas it serves. Words that build business — strengthen social ties . . . add comfort, convenience to daily living.

Words America lives by. Delivered dependably, speedily and at low cost . . . by telephone.

LONG DISTANCE gets you there fast . . .
in seconds when you call by number.

GENERAL TELEPHONE SYSTEM

ONE OF THE GREAT TELEPHONE SYSTEMS SERVING AMERICA



FIRST PHOTO OF REACTOR CORE containing atomic fuel being shipped by truck from the plant at Bettis Field, near Pittsburgh. This plant is

WESTINGHOUSE BUILDS

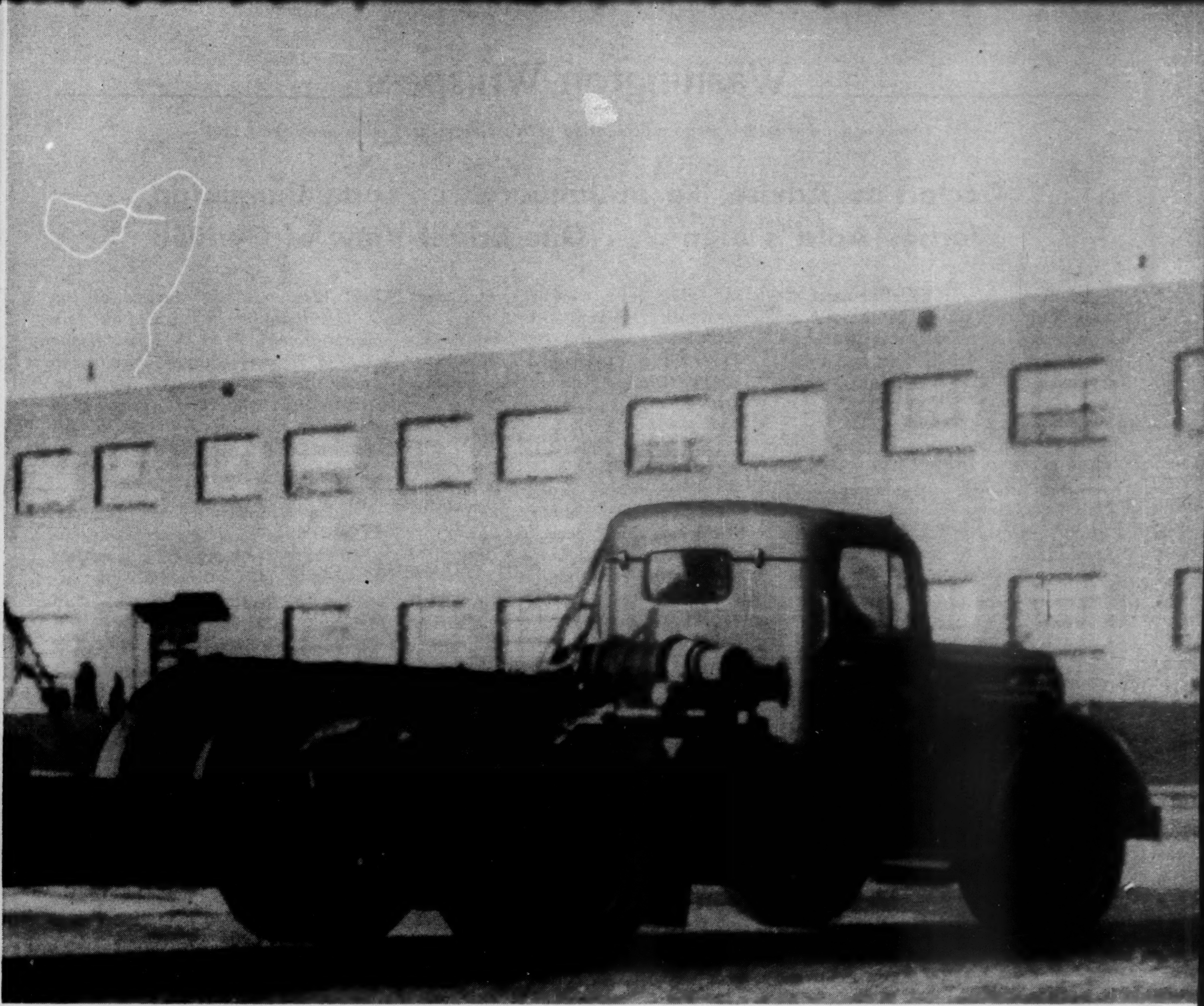
1. FIRST LARGE ATOMIC POWER REACTOR
Westinghouse built for the Atomic Energy Commission and the U. S. Navy the first large atomic power reactor, which was the forerunner of the reactor for the submarine *Nautilus*. Produced the first substantial quantities of controlled atomic power at the National Reactor Testing Station, Idaho, May 31, 1953.

2. FIRST ATOMIC REACTOR FOR A SUBMARINE
Westinghouse built the atomic reactor for the U. S. S. *Nautilus* which went to sea January 17, 1955. This record-breaking submarine has traveled submerged 10 times farther than any submarine has ever traveled in one voyage without resurfacing.

3. FIRST FULL-SCALE PEACETIME PLANT
Westinghouse is building the first full-scale atomic reactor to produce electric power for public use. For the Atomic Energy Commission and Duquesne Light Company, at Shippingport, near Pittsburgh, Pa.

4. FIRST LARGE LIQUID FUEL REACTOR
The first large "homogeneous" reactor using uranium in fluid form will be built by Westinghouse and Pennsylvania Power & Light Company.

5. FIRST ATOMIC REACTOR FOR LARGE SURFACE SHIP
Westinghouse has a contract to develop an atomic reactor for a large surface ship for the U. S. Navy.



operated for the Atomic Energy Commission by Westinghouse. This was the first picture released by the government showing an actual reactor core.

9 ATOMIC REACTORS

6 and 7. ATOMIC REACTORS FOR TWO MORE SUBMARINES
Westinghouse is now building atomic reactors for two new fleet-type submarines for the U. S. Navy.

8. FIRST ATOMIC TESTING REACTOR
Westinghouse is designing for its own use the first privately-owned atomic reactor for testing atomic fuels and materials.

9. FIRST ATOMIC REACTOR FOR SHIPMENT ABROAD
Westinghouse will build an atomic power reactor for generating electricity in Belgium.

Westinghouse . . . First in Atomic Power

All this has given Westinghouse a wider experience than any other company in the country in the actual application of nuclear energy. Westinghouse has set up a Commercial Atomic Power organization and an Atomic Equipment Department to work with industry in the peacetime use of atomic power.

YOU CAN BE *SURE* . . . IF IT'S
Westinghouse

Washington Whispers®

[Items appearing on this page are reported in Washington and other news centers]

Doctors to Advise Ike in January . . . Long Campaign Worries Adlai's Men . . . One Bright View of Geneva

Mr. Eisenhower, if his close associates are right, will keep to himself any decision as to his political future until February at the earliest, and maybe longer.

* * *

The President is determined not to sacrifice Ezra Taft Benson, Secretary of Agriculture, to the demands of Republican members of Congress from the Midwest. Some of them are fearful of defeat in 1956 unless present farm policies change.

* * *

Secretary Benson is advised by Department of Agriculture forecasters that the low in livestock prices probably will be hit in 1955, and that 1956 may see some recovery. The feeling of politicians is that farmers will be less inclined to oppose the party in power if prices show some improvement before the 1956 elections.

* * *

A prediction is being made, by those attending high-level conferences on farm policy, that political pressures will force the sale abroad of some surplus commodities at cut prices. This despite objection of the State Department, and of other nations with surpluses of their own to sell.

* * *

Gen. Alfred M. Gruenther, Supreme Commander in Europe for the North Atlantic Treaty Organization, is cheered rather than depressed by evaporation of the "Geneva spirit." General Gruenther had become worried by the readiness of many Allied nations to cut down on defense efforts just because Communists spoke a few kind words.

* * *

Diplomats and military officers are in sharp disagreement over U. S. defense policy. Military commanders are more and more convinced that this country cannot tie its defense to a policy of waiting for an enemy to strike the first blow with thermonuclear weapons. Diplomats, who boss the military unless the President intervenes, are holding to the concept of striking back only after being struck.

* * *

California's William F. Knowland, Senate Minority Leader, is not the only Republican made unhappy by the White House decision to keep Mr. Eisenhower's political plans dark until a late date. A number of party leaders feel that Republicans will be handicapped by a delayed announcement, if Ike does plan to retire.

* * *

It will be late January before the President's doctors give him their personal advice concerning whether he should or should not run again.

* * *

James P. Mitchell, Secretary of Labor, is advising Republican officials to avoid making critical remarks about labor leaders. Secretary Mitchell is convinced that, if they play their cards right, Republicans can have some important leaders of organized labor on their side in 1956.

* * *

Arthur F. Burns, chairman of the President's Council of Economic Advisers, is one of those who is not so sure it will be possible to bring installment credit under control without serious repercussions on the residential-construction industry.

* * *

William McChesney Martin, Jr., Chairman of the Federal Reserve Board, in a private meeting with economists of member banks, insisted that the Reserve Board would not use its power over money to play politics in the year ahead. Mr. Martin explained that the Board is timing its moves to bring credit under control without any thought of the November, 1956, election.

* * *

Earl Warren, Chief Justice of the U. S., still cannot be counted out as a potential nominee of the Republicans in 1956, if some individuals close to the White House are right. Mr. Warren, through statements, has tried to slam the door on any talk of his nomination.

* * *

President Eisenhower is being given to understand that Republican organization workers are becoming restless as a result of growing Democratic attacks—and of the uncertainty about Republican plans for the future that make Republican replies difficult. The more practical politicians want the President to clarify his position rather soon.

* * *

Republican strategists are disturbed by vote totals in Indiana and New Jersey. The figures seem to indicate something of a drift of Republican voters away from the party, as compared with four years ago.

* * *

Adlai Stevenson's backers are worried about the problem of sustaining interest in their candidate for the nine months before Democratic nomination time in August of next year.

* * *

Averell Harriman, New York Governor, is told that his big chance will come if Stevenson trips up when he is pressed to enter presidential primaries where the whims of voters can be registered. Mr. Harriman plans to enter no primaries.

* * *

Egypt's Premier Gamal Abdel Nasser, who not long ago was having trouble getting a few million dollars to start the billion-dollar dam he plans for the River Nile, now is being swamped with offers of help. After Nasser bought Communist arms he found U. S. greatly interested in his cash needs.

GILBEY'S
DISTILLED LONDON DRY GIN
OLD GRAND DAD
OLD TAYLOR
PM
National Distillers Blended Whiskey
OLD SUNNY BROOK BRAND
KENTUCKY WHISKEY
BELLOWS
PARTNERS CHOICE
WHISKEY-A BLEND
BELLOWS & COMPANY
OLD TAYLOR
KENTUCKY STRAIGHT BOURBON WHISKEY
THE OLD TAYLOR DISTILLERY COMPANY
OLD GRAND-DAD
100 PROOF
KENTUCKY STRAIGHT BOURBON WHISKEY
THE OLD GRAND DAD DISTILLERY COMPANY
OLD CROW
BRAND
KENTUCKY STRAIGHT BOURBON WHISKEY
W. A. Gaines

These famous names mean

Holiday Hospitality

all year long

For the holidays, birthdays, anniversaries, any season of the year, always depend on the highly respected brand names of National Distillers' products to make your hospitality or your generosity something *extra special.* Each one of these products is made with the skill that comes from long experience, working with the finest natural ingredients, under the latest scientific methods and stability controls. Each one is typical of the quality standards maintained by National Distillers Products Corporation throughout all of its diversified organization. When you buy *any* National Distillers brand, you can be sure of enjoying the best in value, in taste and in prestige.

PRODUCT OF NATIONAL DISTILLERS

NATIONAL DISTILLERS PRODUCTS CORPORATION

NEW YORK 16, N. Y.

Kentucky Whiskies: **OLD GRAND-DAD • OLD TAYLOR • OLD CROW • OLD SUNNY BROOK** (BRAND) **• HILL and HILL • BOURBON DE LUXE**
Whiskey: **PM** • • *Blended Whiskey:* **BELLOWS PARTNERS CHOICE, 60% Grain Neutral Spirits, 86.8 Proof**
Blended Scotch Whisky: **KING GEORGE IV, 86.8 Proof** • • *Cordials:* **deKUYPER**
Gin: **GILBEY'S DISTILLED LONDON DRY GIN, 100% Grain Neutral Spirits, 90 Proof** • • *Canadian Whisky a blend:* **DOMINION TEN, 86.8 Proof**

PEOPLE ★ ★ ★

®

OF THE WEEK

› **GEN. O. P. WEYLAND,** a flier for 32 years, poked into the open last week a feud between the Air Force and the Army that long has been simmering under the surface. The argument revolves around the Army's "Sky Cavalry"—the use of helicopters and light reconnaissance planes as direct, organized units of the Army. Troops and supplies also are transported by some of the Army craft.

As director of Exercise Sage Brush—a big, atomic-war maneuver by Army and Air Force—General Weyland banned the Army from using most of its aircraft. This order was appealed all the way up to the Secretaries of the Army and Air Force and the issue was settled only temporarily. The Army got to try out its aerial cavalry, but what is called the "joint-doctrine question" still is to be fought out in the near future.

General Weyland, a graduate of Texas A & M College, learned to fly in 1923 as a Reservist in the Army Air Corps, made a career out of military flying. In World War II he commanded tactical forces supporting ground troops, was commander of Far East Air Forces during most of the Korean War, now heads the Tactical Air Command.

—Dept. of Defense

GEN. O. P. WEYLAND
. . . tackled the Army

› **LUTHER W. YOUNGDAHL,** a U. S. district judge for the District of Columbia, opened up last week the whole question of the Government's right to use secret information, such as that gathered by the FBI, to make rulings concerning individuals.

Judge Youngdahl's ruling directly concerned denial of a passport to a man on the basis of information kept secret. His written opinion, however, went further, questioning whether any branch of the Government is entitled to base its actions on secret files. Such secret information is used throughout the Government at times to decide whether employes are security risks.

The ruling flabbergasted both the State Department and the Justice Department, and officials began conferring about taking an appeal all the way to the Supreme Court for a final ruling.

Judge Youngdahl's rulings have startled the lawyers in the Justice Department before. One of them killed the Government's charges that Owen Lattimore lied to a Senate committee by denying that he was a sympathizer with Communist causes. Mr. Youngdahl was serving his third term as Governor of Minnesota when President Truman appointed him to his present post in 1951, previously had been a justice of the Minnesota State Supreme Court.

—Black Star

HAROLD MACMILLAN
. . . faced an old problem

› **HAROLD MACMILLAN,** Britain's Foreign Secretary, was busy last week with the same problem that has plagued British Foreign Secretaries, one after the other, for centuries—guarding British interests in the Moslem lands that separate Russia from the Suez.

This time, Mr. Macmillan was in Baghdad to cement a defense agreement among Britain, Turkey, Iraq, Iran and Pakistan. In three of these nations, Britain once had strong power and influence—air bases in Iraq, oil holdings in Iran, full control of Pakistan when it was part of British India. Near this area, a century ago, Britain fought the Crimean War to hold back Russia. Then Britain was the boss of much of the world, could give orders; now Mr. Macmillan must deal with independent nations.

Mr. Macmillan—director of Britain's foreign policy only since last April—was Defense Minister before getting his present assignment. In background, he is a history scholar and intellectual who rebelled against Conservative Party policy 20 years ago when Mussolini was allowed to gain a toe hold in Africa. He gained precise knowledge of the seething Indian Ocean-Mediterranean areas during World War II as Colonial Undersecretary and as Resident Minister at General Eisenhower's headquarters in North Africa.

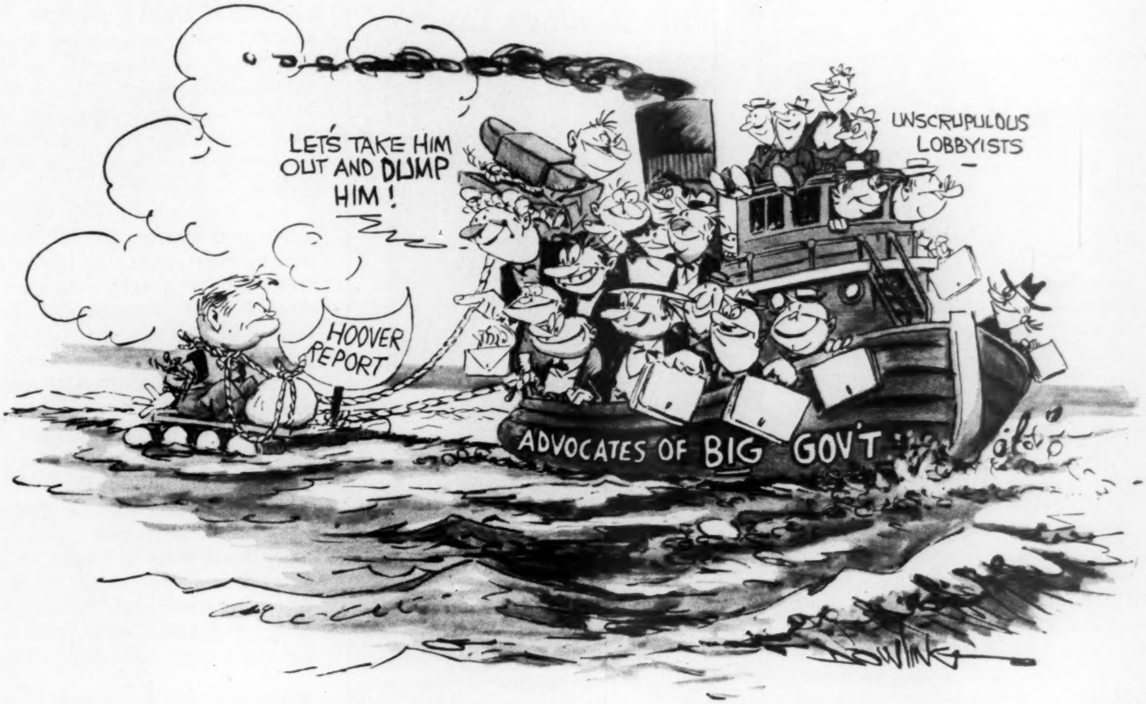
› **THEODORE R. McKELDIN,** the fourth Republican to be elected as Governor of Maryland, last week issued an order to take down the color line in Maryland's National Guard, let white and Negro men serve together.

Maryland's northern border is the Mason-Dixon Line, and the traditions of the Old South still live in the State. To

(Continued on page 16)

—Wide World

THEODORE R. McKELDIN
. . . startled the traditionalists



WHO likes big government?

THE Unscrupulous Lobbyist, for one, who buttonholes anybody he can and tries to sell them his boss's bill of goods. He and his boss would like to make plenty out of "deals".

He doesn't like the Hoover Report because it calls for getting the government out of business and industry where it doesn't belong. Radical left-wingers, and selfish-interest groups *also* see the Hoover Report a threat to their personal bankrolls.

The federal government, "barging" into private industries *(like Agriculture, Metals, Utilities* and *Transportation)* and retail businesses *(like Drycleaning, Clothing, Food* and *Paint Manufacture)*, is a serious threat to the prosperity and security of the nation and its citizens!

You don't like the situation? *Neither do we!*

FREE! ***Write us for a copy of the Hoover Report booklet on Government in Business.***

BASIC GRAIN

REFRACTORIES

BASIC REFRACTORIES INCORPORATED CLEVELAND 15 OHIO traditionalists, his order may have seemed startling. To Governor McKeldin, it was common-sense recognition of the inevitable. Fifteen Negro officers were threatening to bring suit to knock down racial bars in the Guard, as they already have been knocked down by the U. S. Supreme Court in schools, in public parks and on recreation grounds. "The awaiting of court action would result only in unnecessary delay . . .," said the Governor.

As a Republican in a traditionally Democratic State, Governor McKeldin is something of a political phenomenon. When elected to his first four-year term in 1950, he won by the biggest majority ever given to any Governor of either party in Maryland. He achieved national notice in 1952 as the man who made the speech at the Republican National Convention nominating Dwight D. Eisenhower for President, recently has been mentioned as a possible future candidate for Vice President.

› **HARRY P. CAIN** is getting a cold shoulder from some officials in Washington who once welcomed him into the ranks of the Republican Administration. The chilliness apparently stems from the severely critical speeches Mr. Cain has been making about the Government security program over the last 10 months.

Latest move is a request by the Justice Department that the Subversive Activities Control Board disqualify Mr. Cain from conducting hearings in Seattle in which the Justice Department is trying to prove that the Washington Pension Union is a Communist front. Mr. Cain is a member of the Board, appointed by President Eisenhower in 1953 after Mr. Cain lost his bid for re-election as U. S. Senator from Washington.

As a Senator, Mr. Cain was a strong supporter of the law he now helps to administer, favored stringent controls on Communists. He says he still opposes Communism as much as ever, but he now criticizes the security program as unjust and wants to liquidate the Attorney General's list of subversive organizations.

Recently Mr. Cain was quoted as saying that his critical speeches got him called on the carpet by Attorney General Herbert Brownell, Jr., and Sherman Adams, Assistant to the President. He calls the new move by the Justice Department "interesting."

› **GEORGE E. ALLEN,** a friend of President Eisenhower and of former President Truman, is a man of widespread business interests, a member of the boards of directors of 31 corporations.

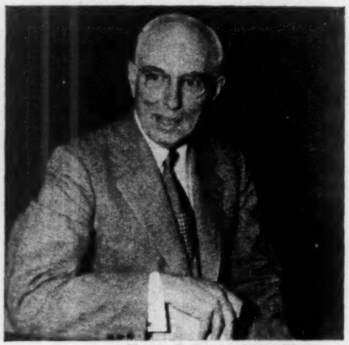
THEY'LL JUDGE LABOR

BOYD S. LEEDOM

› **MIDDLE ROADERS** to deal with labor is the way many people size up President Eisenhower's two newest choices for places on the National Labor Relations Board—**Boyd S. Leedom** as chairman and **Stephen S. Bean** as a member of the five-man board.

In politics, both men are Republicans but neither is closely identified with any party faction. Mr. Leedom, a South Dakota lawyer, was a justice of the South Dakota Supreme Court until appointed to the Board nine months ago, will bring a judicial attitude to the chair. Mr. Bean, 63, has been a Boston lawyer, mayor of Woburn, Mass., and, since 1950, an NLRB trial examiner. He looks upon his appointment as evidence of a policy of promoting people in the career service.

Jobs on the NLRB often are political hot spots. The Board administers the Taft-Hartley law, sometimes finds itself under fire from unions and management at the same time.



—Harris & Ewing, Wide World

STEPHEN S. BEAN

Last week, one of Mr. Allen's far-flung enterprises pulled out a plum. The Yemen Development Corporation, which Mr. Allen heads as chairman of the Board, was granted the first oil and mineral concession in Yemen's history. Yemen, an absolute monarchy, lies next door to Saudi Arabia, site of some of the world's richest oil pools.

Mr. Allen's company got a 30-year agreement with exclusive exploration and development rights in the northern two thirds of the country—the part closest to Arabia. The agreement added to the reputation of Mr. Allen as a man who brings success to enterprises he joins.

Mississippi-born, George Allen is famed in Washington as a man who gets along with people in high places; the storyteller and wit who wrote a book about being the confidant of Presidents. In addition, Mr. Allen also is known for his business ability and political "savvy." His talents come in handy in such things as making an oil deal in the Middle East, where international politics, the touchy pride of Arabian kings, and oil economics make business a difficult proposition.

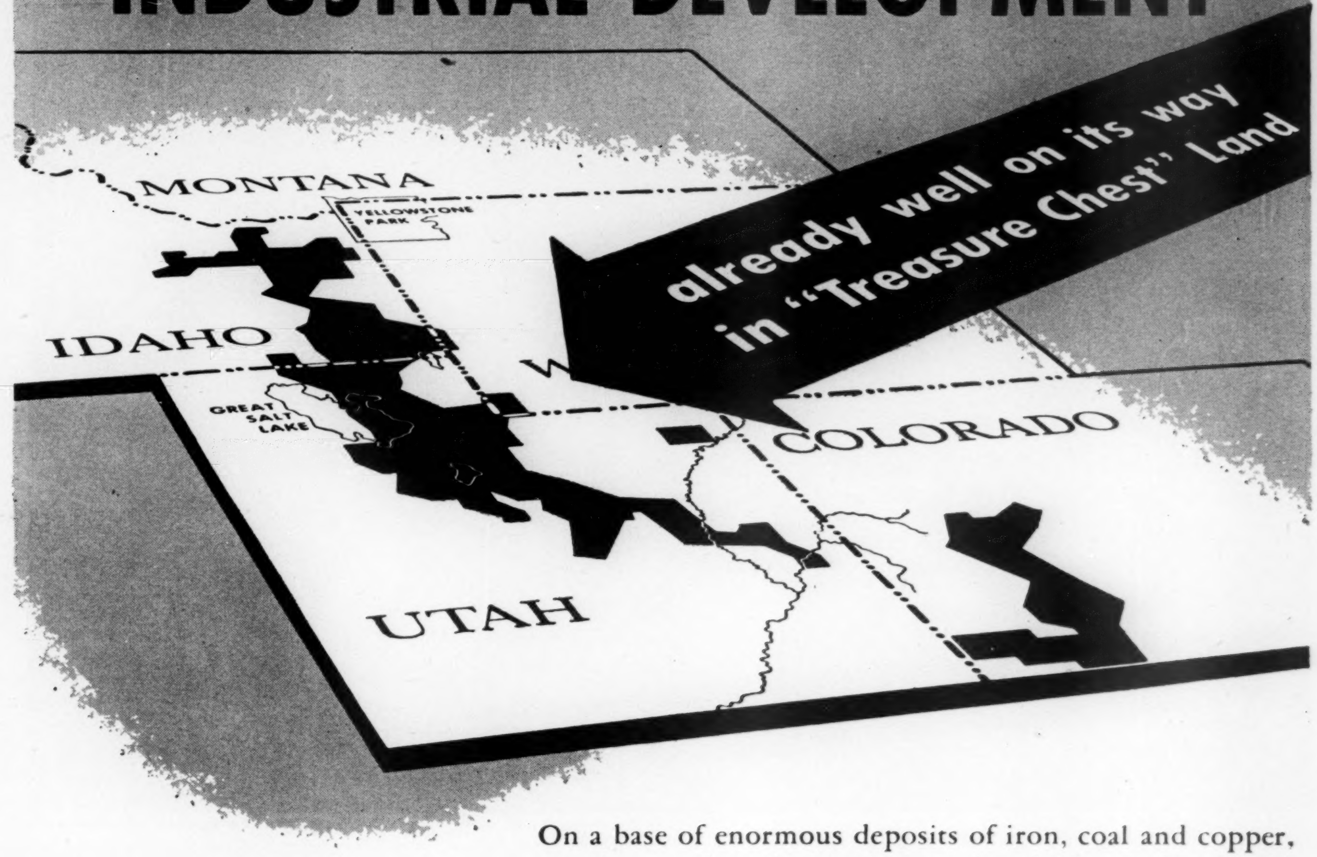
› **ROCKET RESEARCHER** for the Defense Department—a man with the job of keeping the U. S. ahead of the Soviet Union in the guided-missiles race—is to be **Clifford C. Furnas.** He is President Eisenhower's choice to become Assistant Secretary of Defense for Research and Development, a job left vacant when its former holder, Donald A. Quarles, was appointed Air Force Secretary.

In this job, Mr. Furnas will direct development of many conventional weapons—new rifles, new tanks, new ships. His main preoccupation, however, will be with the strange instruments of the future now developing in secret experiments and appearing on drawing boards. Rockets that reach into outer space, missiles guided halfway around the world by radio signals, an atomic engine for airplanes—these are some of the mysterious gadgets already in mind.

A background of technical understanding of explosive mixtures and aeronautical problems will be brought to the job by Mr. Furnas. A chemical engineer by profession, he is a former director of Curtiss-Wright Laboratory in Buffalo, N. Y., and the Cornell Aeronautical Laboratory, formerly headed a guided-missiles committee of the Research and Development Board.

At 55, Mr. Furnas was about to begin a quieter life, became chancellor of the University of Buffalo last September. Now he is deeper into the realm of secret research than ever before.

AMERICA'S NEXT BIG INDUSTRIAL DEVELOPMENT


already well on its way in "Treasure Chest" Land
MONTANA
YELLOWSTONE PARK
IDAHO
W
GREAT SALT LAKE
COLORADO
UTAH

- Every major basic raw chemical.
- 60% of U.S.A. phosphate reserves.
- 214 different minerals.
- One-third of nation's copper.
- Largest proved uranium reserves in the nation.
- Greatest concentration of non-ferrous metal mills, smelters, refineries in the U.S.A.
- Largest steel mill west of Mississippi.
- Low-cost power, water, fuel.
- Intelligent and stable labor force.
- Sound diversified economy.
- Healthful climate with low humidity.
- A gateway to the rich, far west market where America is growing fastest.
- Plus . . . plenty of "elbow room."

On a base of enormous deposits of iron, coal and copper, uranium, oil and chemicals, what is inevitably to be America's next great industrial development is now under way in the west. It is centered in the sprawling Utah, Idaho, Colorado and Wyoming area served by Utah Power & Light Co. Here are rich concentrations of practically every raw material needed by modern industry. It offers opportunity well worth your careful study.

Ask for copy of "A Treasure Chest in the Growing West"

Detailed information is presented in this Area Resource Brochure. Write, wire or telephone for a copy. Inquiries held in strict confidence. Address: W. A. Huckins, Manager, Business Development Department, Dept. 14, Utah Power & Light Co., Salt Lake City 10, Utah.

A TREASURE CHEST in the GROWING WEST
UTAH

UTAH POWER & LIGHT CO.
A Growing Company in a Growing West

See what adhesives are doing today!

PHOTO COURTESY OF MUSKEGON PISTON RING CO.

"Unitizing" piston rings

3M
ADHESIVES

Anyone can appreciate the task of inserting a multiple-piece piston ring into place. It takes time . . . and time costs money!

That's why more and more auto makers and repair shops are using "unitized" oil control rings. They're pre-assembled. Spacer and rails are bonded into a one-piece ring through the use of a 3M adhesive.

As a result, these rings are easier to handle, easier to install, saving money for manufacturer and consumer. The adhesive used is well suited for this application. It dissolves in engine oil, leaving ring elements separate for efficient operation after the first run.

See what adhesives can do for you . . .

This is an example of how 3M adhesives are cutting costs for industry today. Your 3M Field Engineer would like to tell you of other instances. For details, call him in. Or, for a free factual booklet, write today to 3M, Department 912, 417 Piquette Avenue, Detroit 2, Michigan.

ADHESIVES AND COATINGS DIVISION **MINNESOTA MINING AND MANUFACTURING COMPANY**

417 PIQUETTE AVE., DETROIT 2, MICH. • GENERAL SALES OFFICES: ST. PAUL 6, MINN. • EXPORT: 99 PARK AVE., N.Y. 16, N.Y. • CANADA: P.O. BOX 757, LONDON, ONT.

MAKERS OF "SCOTCH" REG. U. S. PAT. OFF. BRAND PRESSURE-SENSITIVE ADHESIVE TAPES • "SCOTCH" REG. U. S. PAT. OFF. BRAND SOUND-RECORDING TAPE • "SCOTCHLITE" REG. U. S. PAT. OFF. BRAND REFLECTIVE SHEETINGS • "3M" ABRASIVE PAPER AND CLOTH • "3M" ADHESIVES AND COATINGS • "3M" ROOFING GRANULES • "3M" CHEMICALS

VOLUME XXXIX—No. 23 U.S. News & World Report WASHINGTON, D. C.

1947 TO 1955—

WORLD WAR III, RUSSIAN STYLE

Who Is Winning?

Russians have been waging war against the West for nearly 10 years. They were winning four years ago, are doing even better now.

Immense areas of the world have fallen under Soviet rule. Other areas, vital to non-Communist world, are tottering. All of this has been accomplished without the Soviet Army's firing a shot. Yet it is a real war.

It is World War III, Russian style.

You get, in what follows, a continent-by-continent report on the battle areas of this war, and how the battles are going.

World War III, Russian style, is being waged more intensely than ever. In this war, Russia still is winning, hands down.

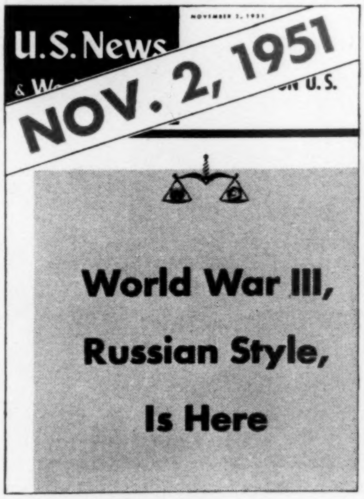
War as waged by the Soviet Union avoids shooting by the armed forces of Russia. It is conducted by infiltration, subversion, revolution, diplomacy—by bluff and bluster—and, on occasion, through actual war waged by satellites.

In this type of war, the U. S. has been on the run for nearly 10 years.

Recent events indicate that the U. S. still is on the run, unable to cope with the type of offensive that the forces of revolution utilize.

The American people, from 1917 to date, have spent 880 billion dollars, and sacrificed 1.5 million dead or wounded, in three wars that they hoped would assure a world in which Americans could live in peace. Yet, at the moment, the world is shaped less to American liking than at any time in years.

Communist influence is breaking out into the Mediterranean area, where Western power had been predominant. Russians, setting up an embassy in West



U.S. News

NOV. 2, 1951

World War III, Russian Style, Is Here

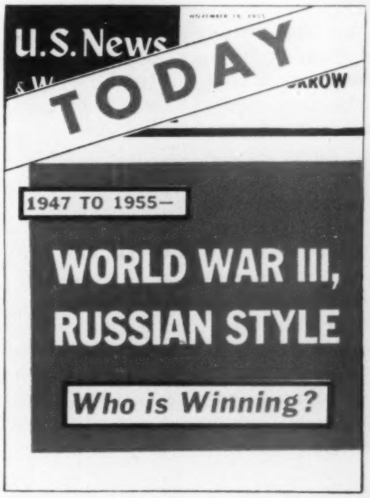
THE COVERS

Four years ago, *U. S. News & World Report* published an article that began with these words: "World War III is here. It has been here for five years. In the real war to date, Russia, definitely, is winning, U. S. losing."

Reproduced, at the left, is the cover of the Nov. 2, 1951, issue in which that article appeared.

Since then, World War III — Russian style — has continued without pause. And Russia, at Geneva, has served notice that it will go on in the years ahead.

In this issue, under the cover reproduced at the right, *U. S. News & World Report* brings the history of World War III — Russian style—up to date, shows how Russia is still winning, U. S. losing that war.



U.S. News

TODAY

1947 TO 1955—

WORLD WAR III, RUSSIAN STYLE

Who is Winning?

© 1955, By U. S. News Pub. Corp.

Germany, are gaining a diplomatic toe hold within that country from which they had been barred. Norway, the northern anchor of the defense system for Western Europe, is reported to be giving assurances to the Russians that Norwegian bases will not be available to the Western Allies unless Norway herself is attacked.

In India, visiting Russian leaders are enjoying a tremendous reception. At the same time, Communists are nibbling at what remains of Indo-China. There are growing Soviet overtures to Japan. Even Canada is being pressured to look to her neighbors across the North Pole and to be less closely tied to the U. S.

Nikita Khrushchev, No. 1 man of the Soviet Union, reflected his confidence in the future in a recent talk with a U. S. Senator. Mr. Khrushchev told the Senator that he did not expect him to become a Communist or the Senator's children to become Communists. But he did expect that the Senator's grandchildren would live to see a Communist America.

The confidence of Soviet rulers rests upon a technique that has proved its effectiveness in waging modern war.

Russia's technique is to wage war with ideas, not directly with guns or atomic bombs or hydrogen bombs or guided missiles. The push buttons in this modern type of war are in the hands of diplomats and propagandists, not in the hands of soldiers.

Military weapons are there, too, in abundance—but as a warning to those who might object to Communist methods, and as supplies for satellites or revolutionary groups that might wish to use them for actual shooting.

It was in *U. S. News & World Report* of Nov. 2, 1951, that the first account was written of World War III, Russian style. How this war was assessed then is shown in the reproductions from this magazine which appear on page 19 and page 21.

At that time, war as Russia now wages it had been under way five years. The Russians were winning then. Four years later, the same type of war is still under way, with the Russians still gaining. The map on pages 22 and 23, and the charts on pages 24 and 25 show how the war is being fought—and where the Communists are winning.

In the Far East, World War III, Russian style, is continuing to go in a direction much to the liking of Communists.

The riches of the East Indies are the Communist objective in that part of the world. Communists, through a truce, have gained Northern Vietnam during 1955, while France has withdrawn from all Indo-China.

In Laos, Communist forces are menacing. As Indo-China, in its separate parts, is weakened or won, strategic and commodity-rich Thailand opens for Communist penetration. Already, Communist forces are organized, watching their opportunity to move into Thailand at the first opening.

Farther south on the Asian mainland, the Malayan peninsula is menaced again by the techniques of World War III, Communist style. Singapore, British bastion and rich crown colony, is deeply penetrated by Communists. Assertions can be heard that this highly important city today is, politically, at the mercy of organized Communists.

In Malaya itself, open warfare again is breaking out between British forces and Communist guerrillas. A truce that had been expected by the British to lead to "peace" has broken down.

More trouble for the West is looming in Indonesia, richest of all the Indies. Here it is that the Communists of Asia hope to gain resources in oil, in minerals, in foodstuffs that are vital to them and of importance to the West. Communist gains in Indonesia in recent elections put them nearer to a position from which they can gain control.

Burma, through its Premier, U Nu, is making known its interest in closer ties with Russia. It is to Russia that the Burmese now propose to look for goods needed for industrial development. They have rice to trade in exchange.

—United Press

IN MOROCCO: NATIONALISTS CARRY THE FIGHT

. . . in an area where things are going well for Russia

Yet it is not alone in the rich area of Southeast Asia that Western officials are worried by gains of Communists waging their modern-style war.

Moving westward you find top leaders of the Soviet Union getting an enthusiastic welcome as they appear in person in India to appeal for closer ties and for friendship that can be important in any time of crisis.

Meanwhile, in the northern reaches of India, the Red Chinese who gobbled up neighboring Tibet are beginning a "creeping invasion" of territory claimed by India. And Pakistan, one of the West's few military allies in the East, is being confronted by territorial demands from Afghanistan, with Russia offering arms to help Afghanistan press its claims.

Continuing westward, you come to the oil-rich Middle East—a prime objective of World War III as the Russians are waging that war. During 1955, the Soviet Union has increased its pressure on Iran, a key to power in that part of the world. It is in this area that intrigue and assassination play so great a part in the Communist-style war. An assassin, on a recent day, attempted to kill the anti-Communist premier of Iran.

Soviet agents, purporting to offer trade, are showing up in Saudi Arabia where American oil companies are deeply entrenched.

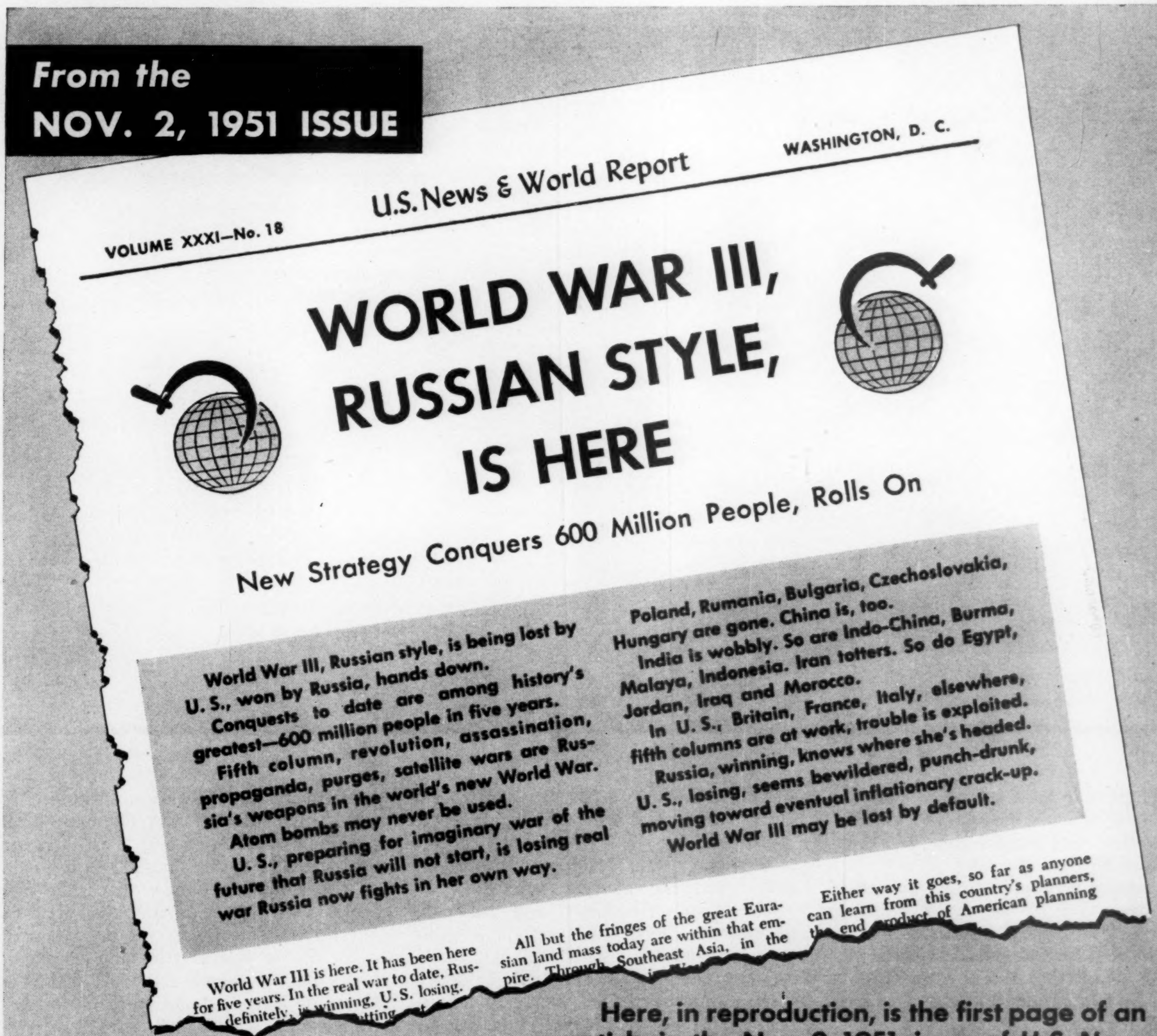
It is when you jump into the Mediterranean area, however, that you find World War III, Russian style, being waged with greatest intensity at the moment.

Under prodding by the United States, Great Britain agreed to pull her 80,000 troops out of the Suez Canal zone. Their going has left a vacuum.

Now Britain is finding itself in trouble in Cyprus, the island bastion it is trying to build up to replace the Suez. Cyprus is agitating for freedom from Britain, and Soviet agents are helping to incite that agitation.

Egypt, arming, has turned to Communist countries for arms. With the arms

From the
NOV. 2, 1951 ISSUE



VOLUME XXXI—No. 18

U.S. News & World Report

WASHINGTON, D. C.

WORLD WAR III,
RUSSIAN STYLE,
IS HERE

New Strategy Conquers 600 Million People, Rolls On

World War III, Russian style, is being lost by U. S., won by Russia, hands down.

Conquests to date are among history's greatest—600 million people in five years.

Fifth column, revolution, assassination, propaganda, purges, satellite wars are Russia's weapons in the world's new World War.

Atom bombs may never be used.

U. S., preparing for imaginary war of the future that Russia will not start, is losing real war Russia now fights in her own way.

Poland, Rumania, Bulgaria, Czechoslovakia, Hungary are gone. China is, too.

India is wobbly. So are Indo-China, Burma, Malaya, Indonesia. Iran totters. So do Egypt, Jordan, Iraq and Morocco.

In U. S., Britain, France, Italy, elsewhere, fifth columns are at work, trouble is exploited.

Russia, winning, knows where she's headed. U. S., losing, seems bewildered, punch-drunk, moving toward eventual inflationary crack-up.

World War III may be lost by default.

World War III is here. It has been here for five years. In the real war to date, Russia is winning, U. S. losing. definitely,

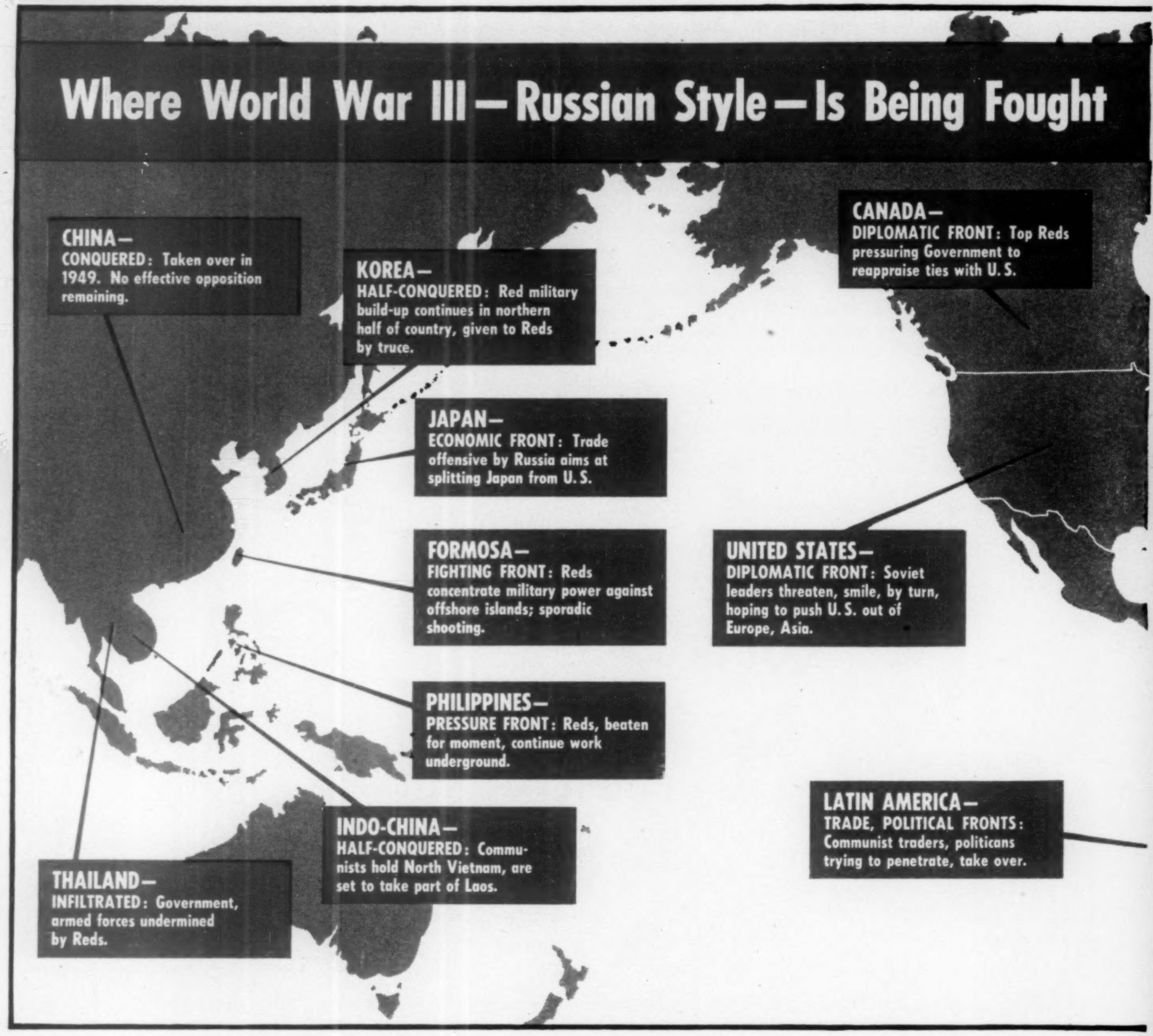
All but the fringes of the great Eurasian land mass today are within that empire. Through Southeast Asia, in the

Either way it goes, so far as anyone can learn from this country's planners, the end product of American planning

Here, in reproduction, is the first page of an article in the Nov. 2, 1951, issue of *U.S. News & World Report.* This is how World War III—Russian style—was going then.

© 1955, By U.S. News Pub. Corp.

Where World War III—Russian Style—Is Being Fought



CHINA—
CONQUERED: Taken over in 1949. No effective opposition remaining.

KOREA—
HALF-CONQUERED: Red military build-up continues in northern half of country, given to Reds by truce.

JAPAN—
ECONOMIC FRONT: Trade offensive by Russia aims at splitting Japan from U. S.

FORMOSA—
FIGHTING FRONT: Reds concentrate military power against offshore islands; sporadic shooting.

PHILIPPINES—
PRESSURE FRONT: Reds, beaten for moment, continue work underground.

INDO-CHINA—
HALF-CONQUERED: Communists hold North Vietnam, are set to take part of Laos.

THAILAND—
INFILTRATED: Government, armed forces undermined by Reds.

CANADA—
DIPLOMATIC FRONT: Top Reds pressuring Government to reappraise ties with U. S.

UNITED STATES—
DIPLOMATIC FRONT: Soviet leaders threaten, smile, by turn, hoping to push U. S. out of Europe, Asia.

LATIN AMERICA—
TRADE, POLITICAL FRONTS: Communist traders, politicans trying to penetrate, take over.

are going Communist technicians and instructors—trained in the ways of modern-style warfare that utilizes ideas and propaganda more than shooting.

An armed Egypt will face an armed Israel—regarded by all Arab states as an enemy. It is in the Arab nations of the Middle East that Russia sees the vast reserves of oil that she covets. Trouble, stirred by Communists, might yield Russia rich returns.

Farther along the shores of the Mediterranean, too, the war, Russian style, is going well.

In Morocco, in Tunisia, in Algeria, even in Libya, there are trouble and discontent. These areas are vital to the U. S., which maintains big air bases in North Africa.

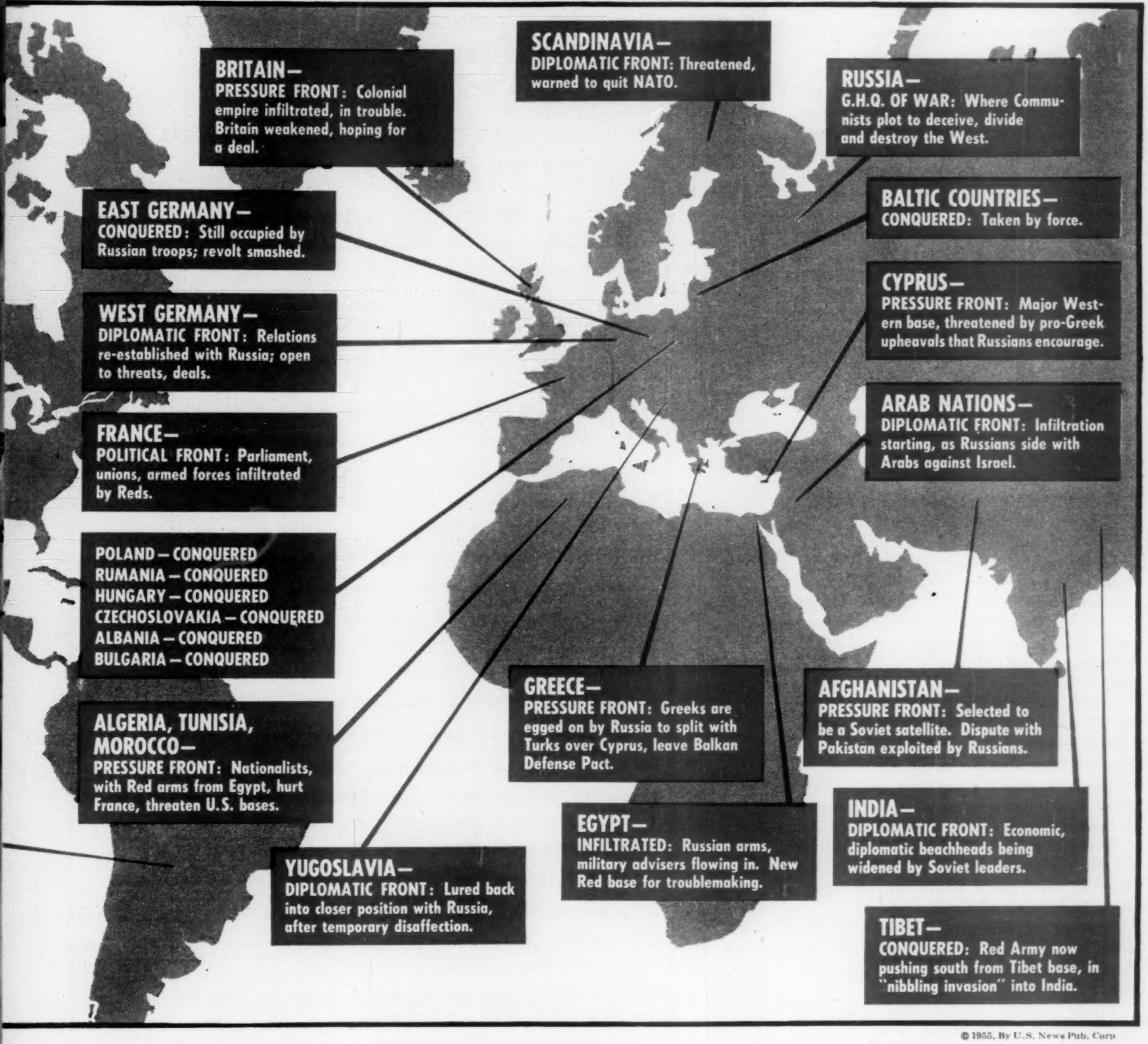
This part of the world is a keg of dynamite, with France sitting on its lid.

But France, weakened and politically unstable, is faced with formidable problems in maintaining its control against nationalist uprisings seeking independence. Communist agents are being found encouraging these uprisings. France just last week deported Morocco's Communist leader in connection with recurring riots.

Turning northward, to Europe, you again find the West in difficulties with Russia's type of World War III.

Germany, key to European stability, remains divided, with East Germany occupied by Soviet forces and West Germany under severe Soviet pressure to keep out of the military alliance that the West seeks. The West German Army that the West has been trying for five years to enlist on its side is still only on paper. Fears are now being expressed that West Germany may find itself unable to resist pressure for a deal with Russia in order to reunite all Germany.

France and Italy continue to struggle with the problem of big voting blocs of Communists, and Communist-ridden labor unions.



BRITAIN—
PRESSURE FRONT: Colonial empire infiltrated, in trouble. Britain weakened, hoping for a deal.

SCANDINAVIA—
DIPLOMATIC FRONT: Threatened, warned to quit NATO.

RUSSIA—
G.H.Q. OF WAR: Where Communists plot to deceive, divide and destroy the West.

EAST GERMANY—
CONQUERED: Still occupied by Russian troops; revolt smashed.

BALTIC COUNTRIES—
CONQUERED: Taken by force.

WEST GERMANY—
DIPLOMATIC FRONT: Relations re-established with Russia; open to threats, deals.

CYPRUS—
PRESSURE FRONT: Major Western base, threatened by pro-Greek upheavals that Russians encourage.

FRANCE—
POLITICAL FRONT: Parliament, unions, armed forces infiltrated by Reds.

ARAB NATIONS—
DIPLOMATIC FRONT: Infiltration starting, as Russians side with Arabs against Israel.

POLAND—CONQUERED
RUMANIA—CONQUERED
HUNGARY—CONQUERED
CZECHOSLOVAKIA—CONQUERED
ALBANIA—CONQUERED
BULGARIA—CONQUERED

GREECE—
PRESSURE FRONT: Greeks are egged on by Russia to split with Turks over Cyprus, leave Balkan Defense Pact.

AFGHANISTAN—
PRESSURE FRONT: Selected to be a Soviet satellite. Dispute with Pakistan exploited by Russians.

ALGERIA, TUNISIA, MOROCCO—
PRESSURE FRONT: Nationalists, with Red arms from Egypt, hurt France, threaten U.S. bases.

EGYPT—
INFILTRATED: Russian arms, military advisers flowing in. New Red base for troublemaking.

INDIA—
DIPLOMATIC FRONT: Economic, diplomatic beachheads being widened by Soviet leaders.

YUGOSLAVIA—
DIPLOMATIC FRONT: Lured back into closer position with Russia, after temporary disaffection.

TIBET—
CONQUERED: Red Army now pushing south from Tibet base, in "nibbling invasion" into India.

© 1955, By U.S. News Pub. Corp

Even England, it appears, is not escaping. Lord Astor warned the House of Lords last week that a Communist "fifth column has penetrated the highest ranks of the civil service, apparently the scientists, and even the Church."

World War III, Russian style, is waged not only in areas of the world where trouble can be fomented, or where local wars can be fed.

Propaganda in all forms is accepted as a technique of that war—and the propaganda campaign is world-wide.

To spread the Communist message, the Soviet Union and her satellites are estimated officially to be spending more than 3 billion dollars each year. Additional sums beyond computation are spent by Communist organizations throughout the world. Communist expenditures have been estimated at 150 million dollars a year in France, more than 40 million dollars in Italy, 30 million in Germany and 24 million in India.

It is the ability of Soviet propagandists to make the world believe that black is white that baffles non-Communist nations and puts them at a strange disadvantage in World War III, Russian style.

The facts are these:

Russia, since 1939, has extended her dominance over 740 million people and 5 million square miles in 17 countries. Soviet imperialism shows a growth without comparison in modern history.

Nations of the West, in the same period, have given up control over 693 million people, and 6 million square miles of territory in 23 countries. Never has history shown such a record of voluntary action to free colonies.

Yet Russia, the master imperialist among nations, is making vast gains among onetime colonial countries by convincing them that the Western nations are the arch imperialists.

All Russian propaganda, so powerful in World War III as Russians wage it, is based upon the premise that people can be convinced that peace is war, that war is peace, that black is white and white is black. Words, more than guns, are Soviet weapons.

The Nazi technique of "the big lie" has been perfected by the Communists. An untruth is repeated so often that eventually many people come to believe it—as many believed the Communist-fabricated charge that U. S. waged germ warfare in Korea.

Another technique of propaganda developed by Russia is the exchange of visiting delegations between Russia and countries that she seeks to impress. In 1954 alone, by one official count, 683 delegations from other countries visited Russia, and Russia sent 363 official delegations abroad.

These delegations are of many types—technical, professional, scientific, business, youth, cultural, sports, women, trade-unions and "peace." But all have the same aim: to sell the Communist line.

Western Europe alone accounted for 237 of those delegations to Russia in 1954, and received 159 Russian delegations in return. Britain sent 45 delegations to Russia and got 31 delegations of Russians for the highest total exchange of any country, including Communist satellites. France exchanged a total of 51 delegations with Russia, Italy 31 and India 40.

Trade, too, is a weapon in World War III, Russian style. The Soviets have opened a trade offensive on a front stretching all the way from Europe to the Far East.

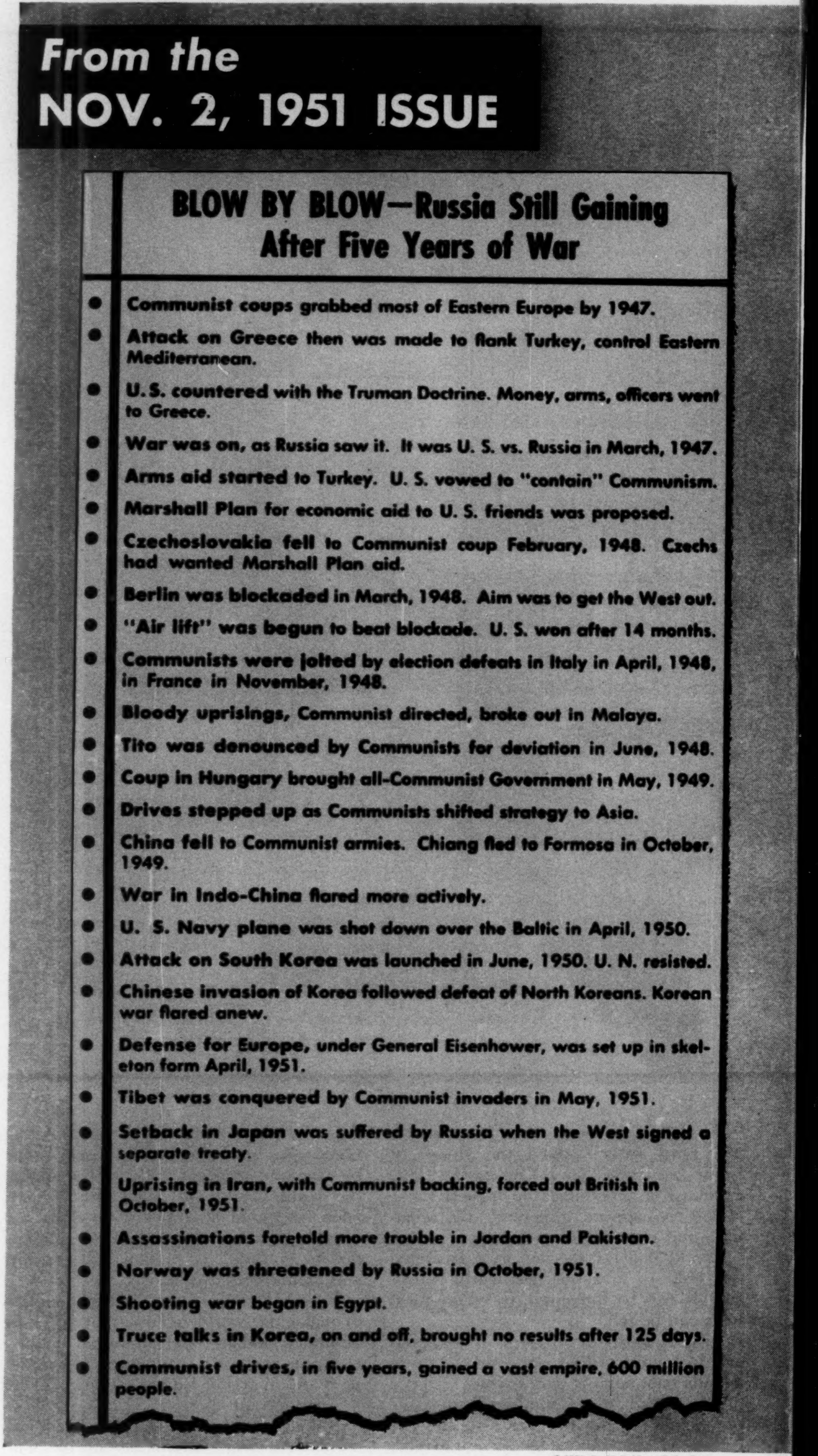
Russia is offering supplies at cut-rate prices to Afghanistan to wean that strategic border country away from its traditional Western sources. Communist countries are offering to buy Egypt's surplus cotton and rice, the Middle East's oil, Lebanon's citrus fruits and tobacco.

Strategy in this trade offensive is to make customer countries dependent on the Communist market, bring them under Soviet influence.

Trade, many Westerners now are coming to fear, may prove to be Russia's most powerful weapon in World War III. It is being realized that Russia is in a position to offer to some nations markets that the U. S. cannot match. The U. S., so nearly self-sufficient, does not need to buy many of the commodities that other countries want to sell. But Russia, still industrially undeveloped, needs much from abroad.

Some nations, looking around for new markets, are beginning to view future prospects as brightest in the East, not the West.

Economic aid, a weapon invented by the U. S., now is being turned against this nation by Russia in World War III. The Soviets are offering to help build a



From the
NOV. 2, 1951 ISSUE

BLOW BY BLOW—Russia Still Gaining After Five Years of War

- **Communist coups** grabbed most of Eastern Europe by 1947.
- **Attack on Greece** then was made to flank Turkey, control Eastern Mediterranean.
- **U. S. countered** with the Truman Doctrine. Money, arms, officers went to Greece.
- **War was on,** as Russia saw it. It was U. S. vs. Russia in March, 1947.
- **Arms aid started** to Turkey. U. S. vowed to "contain" Communism.
- **Marshall Plan** for economic aid to U. S. friends was proposed.
- **Czechoslovakia fell** to Communist coup February, 1948. Czechs had wanted Marshall Plan aid.
- **Berlin was blockaded** in March, 1948. Aim was to get the West out.
- **"Air lift" was begun** to beat blockade. U. S. won after 14 months.
- **Communists were jolted** by election defeats in Italy in April, 1948, in France in November, 1948.
- **Bloody uprisings,** Communist directed, broke out in Malaya.
- **Tito was denounced** by Communists for deviation in June, 1948.
- **Coup in Hungary** brought all-Communist Government in May, 1949.
- **Drives stepped up** as Communists shifted strategy to Asia.
- **China fell** to Communist armies. Chiang fled to Formosa in October, 1949.
- **War in Indo-China** flared more actively.
- **U. S. Navy plane** was shot down over the Baltic in April, 1950.
- **Attack on South Korea** was launched in June, 1950. U. N. resisted.
- **Chinese invasion** of Korea followed defeat of North Koreans. Korean war flared anew.
- **Defense for Europe,** under General Eisenhower, was set up in skeleton form April, 1951.
- **Tibet was conquered** by Communist invaders in May, 1951.
- **Setback in Japan** was suffered by Russia when the West signed a separate treaty.
- **Uprising in Iran,** with Communist backing, forced out British in October, 1951.
- **Assassinations** foretold more trouble in Jordan and Pakistan.
- **Norway was threatened** by Russia in October, 1951.
- **Shooting war** began in Egypt.
- **Truce talks in Korea,** on and off, brought no results after 125 days.
- **Communist drives,** in five years, gained a vast empire, 600 million people.

© 1955, By U.S. News Pub. Corp.

dam in Egypt, a steel plant in India and similar projects in other countries. Technical assistance is offered to backward countries.

Here, again, the result is an increasing Communist influence in those countries—and another World War III gain for Russia.

Some of Russia's most decisive battles in World War III are fought underground.

Infiltration is used. Communists move into labor unions and wind up with power to cripple production by strikes in important Western industries. They gain positions in non-Communist governments where they can influence national policies in Russia's favor.

Soviet spying goes on in every Western nation. Spy rings are broken, and new rings grow in their places. Secrets of Western defense continue to flow into Moscow.

Politics, as a World War III weapon, has lost much of its effectiveness in recent years, with Communist parties outlawed in several countries and dwindling in most. But Communists still control a fourth of the vote in Italy and France, and nearly a third in Finland.

Russia wages World War III even at the peace-conference table. Soviet *nyets*—noes—block agreement in talk after talk. And then Soviet promises are broken when agreements are reached. And Russia emerges with another "war" victory.

Finally, always in the background, is the threat that Russia may some day turn World War III into an open, shooting war.

To meet this threat of shooting war, the U. S. has rearmed at great expense. It has spent 284 billion dollars on its own military forces, and has given another 16 billion dollars in military aid to allied nations in the last 10 years. The U. S. has built up a globe-girdling system of defensive alliances in which 39 nations are committed, more or less, to fight if Russia attacks.

Russia, however, has so far avoided the type of war which such defenses are designed to counter.

Looking ahead, Western planners see no material change in the Soviet strategy of war without combat that has proved so successful. The Geneva Conference, though it dashed hopes of real peace, is not being interpreted as foreshadowing an early shooting war.

The U. S., as a result, is left groping for a new kind of defense against Communist expansion. Still losing, after nearly 10 years, the U. S. is realizing it must learn to fight World War III, Russian style.

(Red-carpet treatment for Russian leaders in India—page 44.)

SINCE 1951

BLOW BY BLOW—Russia Still Gaining After Four More Years of War

- **Campaign to wreck NATO,** the Western defense alliance, was launched by Russia.
- **Rearming of West Germany** started by Western Allies.
- **Dwight Eisenhower** became President; removed U.S. Navy shield protecting Red China from Chiang Kai-shek's Nationalist Army.
- **Hydrogen bomb** was developed—by U.S. in 1952, by Russia in 1953.
- **Stalin died** in March, 1953; Malenkov became Premier—but pattern of Soviet aggression failed to change.
- **U.S., British planes shot down** by Reds in a series of unprovoked attacks.
- **Bloody uprisings** against Red rule broke out in East Germany, Poland, Czechoslovakia in summer, 1953; West gave uprisers no aid.
- **Korean truce** ended fighting in July, 1953, but left Communists in firm control of North Korea.
- **Red aggression** then turned toward Southeast Asia; war grew in French Indo-China.
- **Beria ousted,** as Soviet police chief, in July, 1953. Shot, after "confession."
- **Adenauer re-elected Chancellor** of West Germany in a smashing victory over the Communist Party.
- **Communist infiltration** of Latin America was balked in British Guiana and Guatemala.
- **Western defenses expanded,** during 1953-55, with Balkan, Near East, Southeast Asia defense pacts, and U.S. bases in Spain.
- **Half of Indo-China won** by Communists, in July, 1954, with peace treaty ending long war there.
- **"New look"** for Russia was adopted. Soviet rulers began talking of peace and friendship with the West.
- **Red China threatened war** over Formosa, Quemoy and the Matsus.
- **Malenkov fell** in February, 1955; Bulganin and Khrushchev took over power in the Kremlin; Soviet aims remained unchanged.
- **British withdrew** military forces from strategic Suez Canal zone.
- **More American planes shot down** by Reds in new attacks.
- **Bandung Conference** gave Communists chance to begin line-up of Asians and Arabs against the West.
- **Big Four finally met,** at Geneva in July, 1955, and the West was lulled by hopes of "peaceful coexistence" with Soviets.
- **Reds sold arms** to Egypt, inciting new war between Arabs, Israel.
- **Communists aided uprisings** in Morocco, menacing U.S. air bases.
- **Russia wooed Yugoslavia** back toward its satellite fold.
- **Soviets stepped up drive** to neutralize Germany, Central Europe.
- **Russia lured neutral nations** with trade, offers of economic aid.
- **Peace bubble burst** at Geneva Conference of November, 1955.

© 1955. By U.S. News Pub. Corp.

What War Games Show—

IF YOU WAIT TO BE HIT YOU MAY NEVER HIT BACK

A preview of the danger of another "Pearl Harbor" has come at the start of war games now being held by the Army and Air Force.

As these maneuvers began—even with interceptor forces ready and standing by—a sudden attack by the "Aggressor" forces got through, "wrecked" most U. S. bases.

Minutes were crucial. From the time of first warning, it was only 17 minutes before "atom bombs" were "dropping." In the next 23 minutes, nearly all U. S. air bases, half of U. S. striking forces were "knocked out."

It all dramatizes this question: Can U. S. actually afford to take the first blow?

With EXERCISE SAGE BRUSH
Fort Polk, La.

Out of the largest U. S. military maneuvers since World War II, under way in 12 Southern States, comes this basic, ominous lesson:

> The side in the next war that waits for the enemy to strike the first blow before retaliating may very well face defeat in the few hours or minutes before its own power can be brought to bear.

In the space of 40 minutes, in the opening phase of war games here, attackers using make-believe atomic bombs "knocked out" half of the entire U. S. striking force in the area and "destroyed" 80 per cent of its known air bases.

During those minutes, the equivalent of 400,000 tons of TNT theoretically was dropped by light bombers that penetrated defense zones. This massive blow took less than 30 quick sorties by small, atomic bombers—B-57 jets—but it represented about as much explosive power as was delivered by all 250,000 sorties in three years of war in Korea.

Seventeen minutes after the first warning, "Aggressor" bombs began to rain down. Twenty-three minutes more, and the attacking force had done all its damage. In real war, these few minutes could have been disastrous to the ability of the U. S. to defend itself.

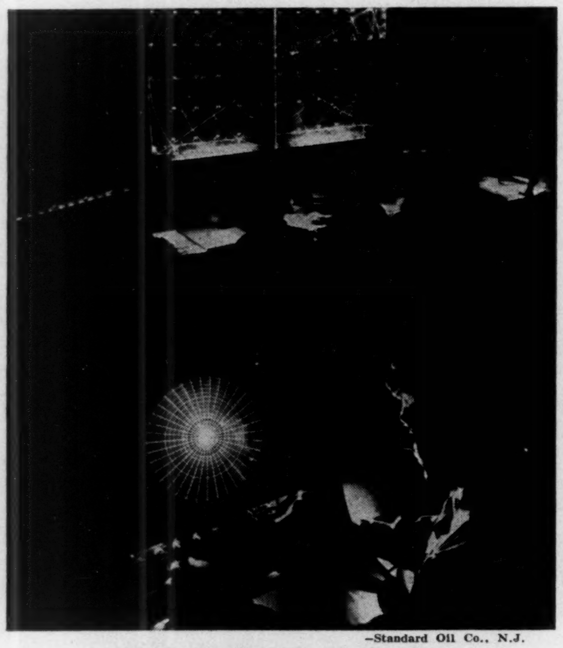
A basic dilemma for military planners is posed. It is simply this:

Can the U. S. afford in the future to take the first blow before attacking? In wars of the past, initial blows have been absorbed, as at Pearl Harbor in 1941. Time then was available to recover and actual damage was limited. The next time, an enemy force could wreck so much of the U. S. force that the first blow could be decisive, despite attempts to retaliate.

But, if U. S. does not wait for the first blow, then what course can it follow?

No answer is provided by the vast war games now being carried out. There is, instead, a graphic demonstration of the practical problem involved.

As the Southern maneuvers opened, the initiative rested wholly with an "Aggressor" force. U. S. air and ground forces were committed not to attack first, but to defend and retaliate.



—Standard Oil Co., N.J.

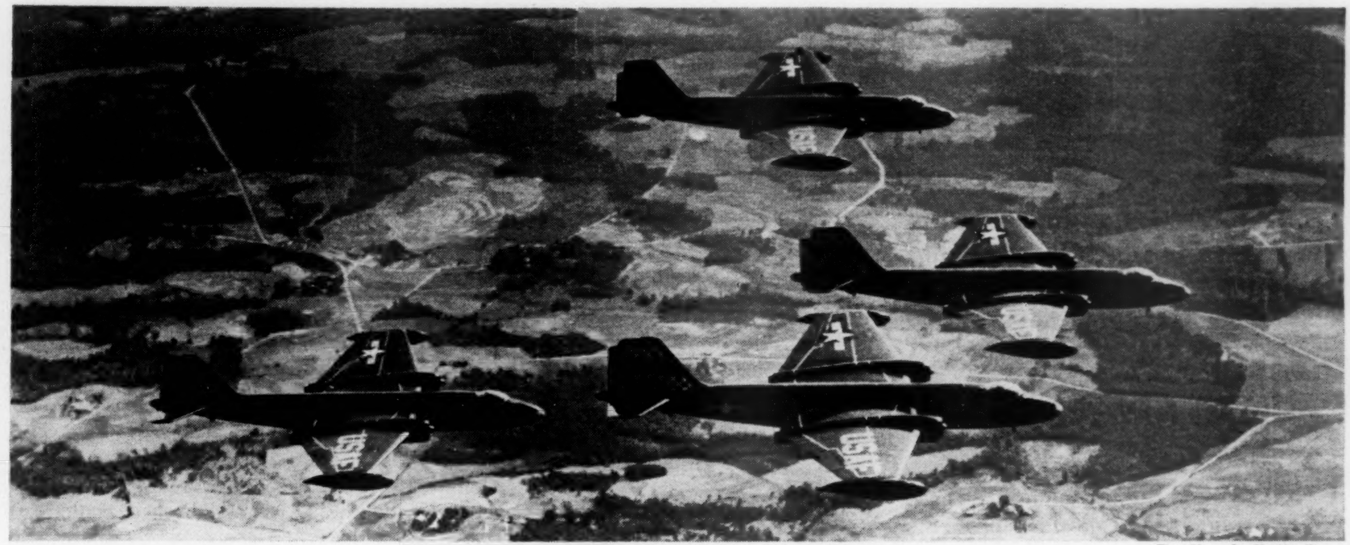
RADAR: KEY TO DEFENSE
In the test, 17 minutes' warning

The attack then came, with all its fury, on the evening of November 15. Commanders of the maneuver forces first picked up four "plots" of "Aggressor" planes on their radar screens. There was no way of telling whether this was a feint or a full-fledged attack by the "enemy." Umpires held the defenders back until they were more certain.

When the radar operators had picked up nine "plots"—each a flight of attack aircraft headed for the defenders' bases—the maneuver director advised U. S. commanders that they could accept this as the "enemy's" act of war. By then, it was too late to prevent massive destruction.

In real war, a theater commander or tactical-air commander would make the decision about when to strike back. His practical problem, pinpointed by the mock attack in Exercise Sage Brush, is shown to be this—

- If he misjudges an enemy "show of force" for an attack and strikes what he believes is a retaliatory blow, he may precipitate the very war that U. S. is trying to avert. Shooting war then will be on, actually begun by this country.
- If he concludes that the blips on his radar are an enemy feint when actually they are a full-scale attack, he may wait a few minutes too long and lose his air force, his bases, even his ground armies in a devastating initial blow. An



—The Glenn L. Martin Co.

U. S. B-57S: A few sorties almost equal all the bombing in Korea

"atomic Pearl Harbor," in this case, could be decisive.

This basic problem—of trying to determine the real intentions of a potential aggressor in a critical few minutes—is shown to be complicated by other problems, as well, if the enemy is permitted to land the first blow.

In the initial attack of the maneuvers, "Aggressor" reconnaissance planes flying ahead of "Aggressor" bombers used secret measures for electronic jamming in order to interfere with U. S. communications. This jamming ability, conceivably, could have prevented the U. S. from getting any effective advance warning of an approaching atomic attack.

U. S. defenses against low-flying planes also are shown to be still unsatisfactory. "Aggressor" bombers, flying low and at high speeds, proved hard to intercept. A U. S. radar net that can detect low-flying planes is being put in place in the extreme north. It is known as the "Distant Early Warning" system. But such a net is elaborate and fixed in location, impractical for tactical-air operations on the local scene. A real attack by low-flying bombers, thus, could very possibly get through a local radar net.

Instant retaliation by U. S. planes with atomic weapons is subject, as a practical matter, to being held up by another factor. No U. S. military commander, as of now, can order use of an atomic weapon without first getting White House approval. This presumably could be delayed by attack on Washington, by a failure in communications, by other hazards that would result in losing minutes which could be critical in atomic-age warfare.

The demonstration of what can happen to U. S. defense forces if a well-equipped enemy gets in the first blow proved so dramatic in the opening phase of Exercise Sagebrush that high military observers already are going over the operation step by step in a search for answers.

Could the defense force have been saved by faster reaction time? The air commanders involved estimate that if they had started with the very first warning and used the initial 17 minutes to get interceptor planes off the ground and into action—while redispersing their bomber forces—they could have saved much of their striking force.

Why not get all planes into the air with the first warning? That, it appears, is impractical in air warfare, with many alerts likely to appear as a result of enemy feints, reconnaissance flights, or radar-jamming measures.

—Department of Defense

PREVIEW OF ATOMIC "PEARL HARBOR?"
Defenders "lost" half of air forces

Should defensive forces be scattered over more bases, to provide poorer atomic targets? There has been no criticism of the way U. S. defending planes were dispersed. Airmen made full use of all 28 bases at their disposal to "effect a wide deployment." Otherwise, the conclusion is, damage might have been even greater than the 50 per cent loss of striking force.

More bases might have cut the losses. Yet there are diminishing returns in this direction, too. An increase in number of bases, thus, would increase the number of men needed, the cost, the effort—and the defense equipment to be produced.

How close a parallel is this theoretical air blitz in maneuvers to a possible attack by actual Russian bombers? Real planes, heading for American targets, presumably would come from the Soviet Union, 5,000 miles away, with a much better chance of being recognized and intercepted. This is granted by the military observers. But they point to areas such as Western Europe, Korea, Formosa and even Indo-China, where a sudden attack could be launched from a few miles away by an unfriendly nation. And even an attack on the U. S.—if carried out with supersonic speeds as faster jet bombers become available—may come with warning time cut down drastically, and results like those demonstrated.

There is growing agreement by military observers here, however, on this much: The side that gets hit first in the next war may never get a chance to hit back.

WHY BORROWING WILL COST MORE

Government Wants to Slow Down the Loans

Once more, Government is out to check a boom. Money is being made harder to borrow.

People ask: Will efforts to head off inflation lead to a bust?

Government, to date, is moving cautiously, trying to profit by past mistakes.

If you need to borrow to buy a car, build a house or run a business, the cost of that borrowing is higher than it was a year ago or even a few weeks ago.

Borrowed money, in other words, is being marked up in price. Loans are becoming harder to arrange.

It is harder and more expensive to borrow today because those who manage the money system want it that way. Money managers—the Federal Reserve Board—are making money less abundant and more costly because they think there is danger of renewed price inflation, resting on inflation of credit. Heavy buying already has caused some shortages.

The goal is to apply brakes to the boom, through credit.

Buying: too easy? Part of the boom has been built on extremely easy credit, as reflected in the chart on page 30. It was easy, until recent months, to buy a house without putting down even one dollar of principal. Cars still are being bought with little cash and up to 36 months to pay. People have been off on what officials considered a spree of buying "on the cuff."

Lately there has been added to official worries the fear that business might rush to stock up on goods, anticipating price rises. Borrowed money would finance such an inventory boom.

Now restraints are being applied. On four occasions in just seven months, the Federal Reserve has acted to encourage a higher interest rate on loans. Yet the boom has gone on.

To date, moves to tighten credit have been fairly mild, governed by a desire to check exuberance without bringing on anything that might be called a bust. Restraint is being applied in a series of steps.

Each time the forces of inflation appear to be breaking out, the Reserve Board feels impelled to apply the credit brakes a little harder. A record of 35 years shows that the money managers always, in the end, prove their ability to curb credit.

Right now, political pressure, as well as economic pressure, is counted on to bolster this determination. Inflation of credit, if permitted to run unchecked, could lead to excesses and economic trouble in the election year 1956. Overbuying, shortages, price rises could lead to top-heavy inventories and liquidation. Current actions are designed to head off trouble that might otherwise show up a year hence.

How money is controlled. The Federal Reserve has made a long record, outlined in the chart on pages 28 and 29, of trying to steer the nation between boom and bust. It gets its power from the fact that it is the nation's central bank, with ways of putting money into banks

HOW GOVERNMENT HAS CHECKED

1919-20

Credit was tightened to curb speculation in commodities and real estate. Federal Reserve, in three jumps, raised discount rate from 4 to 7 per cent. That's the rate banks pay Reserve on money they borrow to use for loans. "Fed" warned banks not to borrow money to lend to speculators, sold securities to draw money out of banks. General rise in interest rates took place.

What happened then —

A SHARP BUT SHORT DEPRESSION.

1928-29

Federal Reserve cracked down on stock-market speculation. Raised discount rate, in four jumps, from 3½ to 6 per cent. Sold securities to draw money out of banks. Interest rates went up, especially on loans to people buying stocks.

What happened then —

THE NATION'S MOST SEVERE DEPRESSION.

1936-37

Federal Reserve headed off possible price inflation. Raised reserve requirements in three stages, forcing banks to lay more money aside instead of lending. "Fed" also raised margin requirements for people buying stocks; this meant they had to have more cash if they wanted to invest.

What happened then —

A SHARP BUT SHORT DEPRESSION.

and drawing it out, making money more costly or less, setting terms for certain types of borrowers.

A history of financial panics led to granting of this power.

The Federal Reserve System was set up to assure an adequate supply of money in times of stringency and to be able to tighten the supply of money in times of overexuberance. The Federal Reserve Board, fixing policies for thousands of commercial banks which became members of the System, was pictured as a "supreme court" of finance.

At the moment, the "court" has decreed that brakes need to be applied to the rush by individuals and industry to borrow. That decision, if the history of 35 years is borne out, will be enforced and will be effective.

There is less assurance that booms can be stopped without business drops.

It was in 1919-20 that the Reserve Board first tried out the power given it to control booms. The Reserve System had been created in 1913, and in 1917-18 had played an important role in helping the Government raise the money it needed to finance World War 1.

Out of that war came a big price inflation. The inflation of that period, unlike the present, was in commodity prices. Farmers borrowed heavily to buy land at inflated prices. Industry loaded up with inventories of raw materials at high and rising prices. The cost of living was soaring.

Boom stopped. In five steps, the Reserve Board applied the screws. Business, at the end, was forced to pay 8 per cent or more for money it borrowed. Speculation was reduced. With demand limited by scarcity of money to borrow, prices started to slide. Farmers found it more difficult to get credit for current needs or to extend mortgages. There followed a sharp, but short, depression in which agriculture was severely hurt.

For many years after this experience, the Federal Reserve Board was regarded in farm States with deep suspicion and political hostility. The Board was blamed for the hard times that prevailed in agriculture during the 1920s.

The Reserve System tightened and loosened credit from time to time; business stayed on a fairly even keel until 1928-29, when the big test came.

That period was like the present in that the stock market rose to what officials described as "unprecedented" levels. But there was this big difference: Vast quantities of borrowed money were being poured into the market to support speculation that made prices soar. A fever of speculation swept the country. So eager were people to borrow for speculation that they paid up to 14 per cent interest on money they could be called upon to pay back the next day.

As early as 1928, the Reserve Board had started to tighten up on money. Each move had only temporary effect. In August, 1929, the Reserve Board raised to 6 per cent the interest rate it charged banks wanting to borrow from the System in order to lend to business. This compares with 2.6 per cent charged today after a series of four increases by the Board.

In October, 1929, came the market crash. Once again, the Reserve System had demonstrated that eventually it "gets its man." In that period, as in 1919-20, critics argued that the Reserve Board had not acted soon enough or steadily enough to apply brakes to abuse of credit.

The crash of 1929 was followed by prolonged depression that really was not ended until World War II.

Fighting depression. It was in this period that the Reserve Board tried, but without success, to demonstrate an ability to control depressions as well as booms. After the market crash, with depression deepening, the Reserve System made money more abundant and cheaper. Interest rates went down. Money piled up in banks. But borrowers did not come forward to borrow.

All through New Deal years, money was kept plentiful and cheap. Yet, until war came, the number of unemployed never fell below about 8 million. Abundance of "cheap money" did not lead

BOOMS — A 35-YEAR RECORD

1947-48

Federal Reserve set tighter installment credit terms. Warned banks against making too many loans. Raised the discount rate, in two jumps, from 1 to 1½ per cent. Raised reserve requirements in three stages. Sold securities to draw money out of banks. Some increases in interest rates took place.

What happened then —

A SHORT, MODERATE RECESSION.

1951-53

Federal Reserve acted to check a rapid build-up in inventories. Raised discount rate from 1¾ to 2 per cent, raised margin requirements, raised reserve requirements twice. Money for building became very tight. Interest rates on mortgages and other loans increased.

What happened then —

A SHORT, VERY MILD RECESSION.

1955

Credit is being tightened again, to keep the boom from bringing on inflation. Federal Reserve, in four jumps, has raised discount rate from 1½ to 2½ per cent. Has raised margin requirements twice. Has sold securities to draw money out of banks. Warned banks against lending too freely on autos, houses, other consumer goods. Interest rates are rising.

What will happen next —

?

© 1955, By U[illegible] Pub. Corp.

Rising Credit—Where Government Wants to Put On Brakes

Credit Extended by Banks in the Federal Reserve System	Now Outstanding (latest available)	Increase in Last Year
Commercial and industrial loans	**$28,792,000,000**	**$4,436,000,000**
Real estate loans	**$15,985,000,000**	**$2,072,000,000**
Personal loans	**$14,120,000,000**	**$2,205,000,000**
Loans on securities	**$ 4,099,000,000**	**$ 480,000,000**

Source: Federal Reserve Board

© 1955, By U.S. News Pub. Corp

industry or individuals to invest on a scale large enough to bring about full employment.

War changed this. Government spending shot up. Business invested in war industries. Jobs were created. People got more money than they could spend in time of shortages.

Postwar problem. The recurrent problem after the war, from the viewpoint of the money managers, has been to prevent too-rapid spending and borrowing for consumer goods, houses and inventories. An additional worry in 1955 has been the rapid rise in the stock market to new heights, financed for a time by borrowed funds.

In 1947-48, official concern was shown about speculation in commodities and the tendency of businessmen to pile up inventories. At this point, credit tightening seemed to work better than before, creating greater confidence in the Federal Reserve, that continues to the present.

Installment credit was restricted, through Federal Reserve powers which have since expired. Interest rates went up slightly. Banks found the cost of borrowing from the Reserve System increased just one half of 1 per cent.

The restraint, much more gentle than at present, still was enough to stop the boom in 1949. Only a moderate downturn followed, with recovery in sight by early 1950.

Such a turnaround is what the Federal Reserve always is trying for, but has sometimes found too difficult.

Again, after the Korean war, the Federal Reserve brought about the end of another boom, with even milder results, though official action was more severe. The boom was strong, as it is today.

A general rise in interest rates was brought on by the Reserve Board's policy. The cost to banks of borrowing from the System went up to 2 per cent, still not as high as the present level. The Treasury's cost of borrowing for short periods reached the highest point since 1933, but again was not quite as high as it has been recently. The interest cost on mortgages increased.

Money in some places became so scarce as almost to cause panic, officials later admitted. Builders found it almost impossible to line up funds for new construction.

The Federal Reserve felt compelled to reverse its policy with great speed. Its ability to do so and to change a recession into a new boom is being cited today as reason for confidence in the agency.

Officials feel they have learned from past setbacks. They are determined not to be too cautious, as in 1928, or too drastic, as in 1953. Still, they admit their timing, in putting a brake on the current boom, may not have been quite right; earlier action than they took might have kept the boom from becoming as hard to handle as they are finding it today.

Where from here? Despite the apparent successes of the Federal Reserve in the postwar years, many people, including members of Congress, are watching the Board with some concern.

As yet, there is no sign that scarcity of money is approaching the near-panic level of 1953. However, builders forecast a further drop in housing starts; they say that, as in 1953, it has become too hard to line up money.

Real estate brokers here and there report sales of houses slowing down; home buyers are having to pay more for mortgage money and some are being screened out by lenders.

An occasional banker protests that money for loans will become "unavailable."

Stock-market investors have been given pause. A year ago they could buy stocks with only 50 per cent of the cost in cash, the rest on loan. Today they must put up 70 per cent cash. In addition, President Eisenhower's illness has resulted in some uncertainty. The latest moves of the Federal Reserve to raise interest rates are raising a question whether the investment climate will cloud a bit.

Some officials, outside the Reserve Board, are fearful that credit tightening may prove too drastic and bring on a recession instead of heading one off. A promise of easier credit for housing has been given, if building slackens even a little more. Apparently there is argument, which will grow more heated in the next few months, over whether to tighten credit more or loosen up.

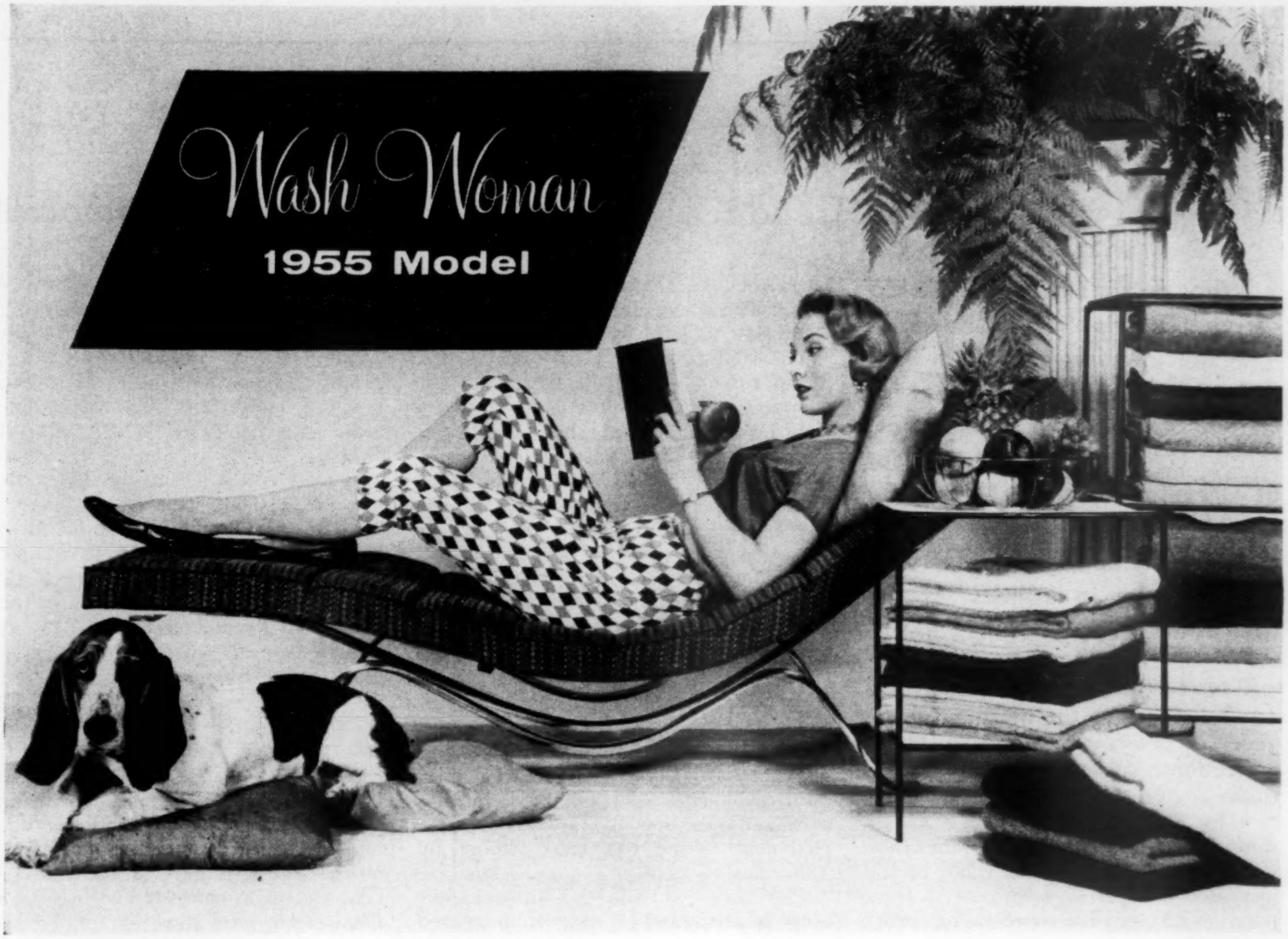
History shows that the Federal Reserve can always bring a boom to an end eventually. It hasn't always been able to get a new boom started again quickly.

Why Federal Reserve Is Important

	All U.S. Commercial Banks	Commercial Banks That Are Members Of Federal Reserve	Member Banks As Per Cent Of Total
Number of Banks	**13,763**	**6,589**	**48%**
Loans Outstanding	**$80.0 billion** (est.)	**$68.4 billion**	**86%**
Capital	**$15.1 billion**	**$12.6 billion**	**83%**

Source: Federal Reserve Board

© 1955, By U.S. News Pub. Corp.



Lounge by Herman Miller

. . . and how Victor helped make this possible

It's washday, but the lady above has time for leisure . . . thanks to the new detergents that contain soil-chasing tripolyphosphate. Virtually *all* leading detergent manufacturers specify Victor tripolyphosphate. That's because Victor "Tripoly" helps detergents remove up to 41% more dirt.

Can the addition of a phosphate improve your product or process?

Helping produce better detergents and soaps is only one of the many applications of Victor Chemicals. Victor serves more than 40 other industries with phosphates, formates and oxalates to improve processes and reduce costs.

Send for the Victafile that tells about the Victor Chemicals that are being profitably used in your industry.

V
VICTOR
Dependable Name in
Chemicals
for 57 Years

VICTOR CHEMICAL WORKS US 122
155 N. Wacker Drive, Chicago 6, Illinois
Please send Victafile showing uses of Victor chemicals in my industry.

*Firm Name*____________________
*Address*____________________
*City*__________ *State*__________
*Your Name*____________________
*Industry*____________________

(Please attach to your letterhead)

At the Grassroots, Politics Is Hot

No "Trend," Some Good News for Local Democrats

What do the figures on the '55 off-year election really show?

A special survey of major contests provides encouragement for Democrats in some local areas, throws cold water on the concept of "national trends" cutting across State elections.

It shows, too, continued very high interest in politics, at the grassroots level, now.

With 1956 in mind, politicians still are searching for the meaning of the generally heavy vote in the November 8 elections. What they are finding is this:

- In Kentucky, New Jersey and a sampling of Indiana cities, Democratic candidates polled a major share of the increased number of votes cast as compared with the last similar "off year" elections.
- There was no national issue that cut across all areas voting. For the most part, State and local questions, and candidate personalities, brought the voters to the polls.
- The intense political interest that developed in 1952 and continued in 1954 still is running high.

Now, with the final returns in, *U. S. News & World Report* has made a special survey of major 1955 contests to determine the comparative size of the vote, how the increases were divided between parties, what factors influenced the balloting.

How the Hoosier voted. An analysis of the voting in important Indiana cities was considered revealing.

In Indianapolis, the total vote increased by 10,020 over that cast in 1951, the last mayoralty election. The Democratic candidate got 19,938 more votes than he did in losing in 1951. The Republican vote dropped by 9,918. It all added up to a 16,185 victory for the Democrat this year, where the Republican candidate carried the 1951 election by 13,671.

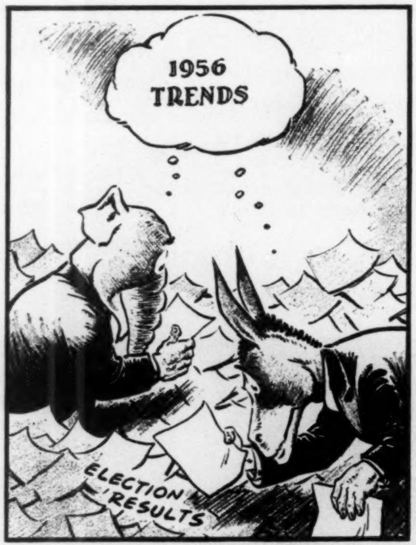
There was a similar pattern in Evansville. Votes cast increased by 6,290 between 1951 and 1955. The Democratic candidate got the entire increase and more, too. His party's vote was up 8,799. Meanwhile, the Republican total dropped 2,509. The Democrat won this year by 4,163, lost in 1951 by 7,145.

The voting in New Castle, scene of a recent riot at a plant of Perfect Circle Corporation, to which the National Guard was summoned, showed this: an increase of 1,040 in votes cast, as compared with 1951; an increase of 2,039 in the Democratic vote, a drop of 999 in the Republican total. The Republican mayor was ousted by 1,414, by the Democrat he defeated in 1951 with a margin of 1,624.

In Hammond, things took a different turn. The total vote was up and the parties shared the gain. But the Democrats got the bigger share of the increase, and won. As between 1951 and 1955, Hammond's total vote was up 8,052; the Democrats gained 6,011 votes, the Republicans, 2,041. In 1951, the Republican won by 3,521; this year a Democrat bested the 1951 winner by 449 votes.

The bigger vote in the Indiana elections is attributed in part to increased population. But in most of the cities—Hammond was excluded—the CIO seized as an issue the sending of the National Guard to New Castle, worked hard on Election Day to get out Democratic voters.

A sampling of town clerks in rural Indiana revealed that increased voting accompanied numerous Democratic victories. The consensus: local issues, not farm discontent, were the major factor.



—Messner in the Rochester (N.Y.) *Times Union*

"WITH BUT A SINGLE THOUGHT"

Wanted: a clue to next year

Blue Grass vote getter. A. B. (Happy) Chandler won by a big margin in Kentucky on the basis of a voting increase, as compared with 1951, that mostly went into his Democratic column. The total vote was up 148,658. Of the increase, 110,840 went to Mr. Chandler, 37,818 to the Republican candidate. Mr. Chandler won by 131,353, as compared with a 58,331 Democratic margin in 1951.

Organization at work. New Jersey held State Senate elections in 11 counties. By contrast with results in the same areas and for the same offices in 1951, the total vote increased by 155,530. The Democrats got 135,771 of the increase and the Republicans 19,759.

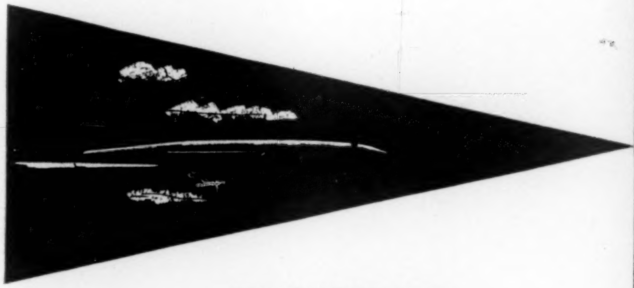
This pattern was reflected in some individual counties, populous and important, where Democratic candidates replaced Republicans. In Essex County, in the northern part of the State, the vote was up, as compared with 1951. The Democratic total rose, too, but the Republican aggregate dropped. The figures: total increase, 47,978; Democratic gain, 51,272; Republican loss, 3,294.

In Camden County, across the Delaware from Philadelphia, the parties shared a 20,734 rise in the total vote. The Democrats got 13,780 of it; the Republicans, 6,954.

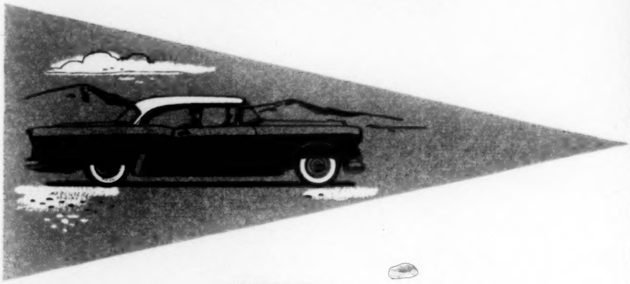
In heavily industrial Union County, the Republican candidate won, as usual, but, in comparison with 1951, by a reduced majority. The picture showed an increased total vote, with the Democrats getting most of it. The figures: vote increase, 27,931; Democratic increase, 20,888, Republican increase, 7,043.

In Philadelphia, a drop. Reversing the trend, the vote in Philadelphia fell below that of 1951. In that year, there was a tremendous outpouring of voters determined to remove a scandal-plagued administration after 67 years of Republican control. A total of 773,256 voted for mayor in 1951; 708,745 voted this year. The Democratic total was cut 28,874 votes, and the Republican vote fell 35,637.

Signs. Democratic leaders are jubilant after an analysis of the figures. They think—but Republicans dispute this—that the figures mean victory for the Democrats in 1956. Meanwhile, the parties agree that the American citizen is increasingly vote-conscious.

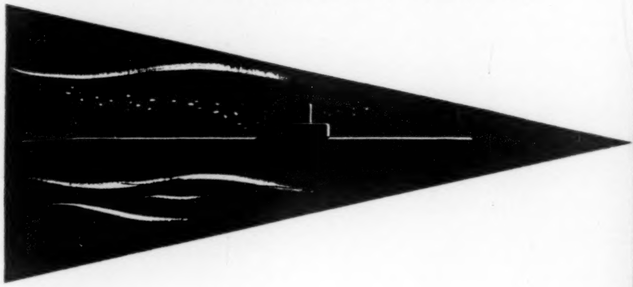


TEMPERATURE



RIGHT . . .

FOR EVERY HEIGHT!

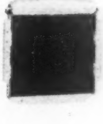


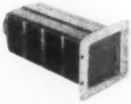
Fifty thousand feet up or fifty fathoms down . . . you'll find Harrison heat exchangers keeping the engines cool! Boat or plane, car or train, Harrison has the heat exchanger for the job. For temperature is our business . . . we're specialists in temperature control, and we've solved the "hot" problems of manufacturers in many fields in the past forty years.

For example, Harrison cools many of the Army's biggest bombers and fastest jet fighter planes. Harrison cools many of the newest Diesel locomotives. There's a good chance, too, that your family car is equipped with an efficient, dependable Harrison radiator.

For versatility and reliability—for space-saving, weight-saving, money-saving heat transfer equipment, *you can't beat Harrison!* No wonder so many designers and manufacturers are depending on Harrison to take the heat off. If you have a cooling problem, look to Harrison for the answer!

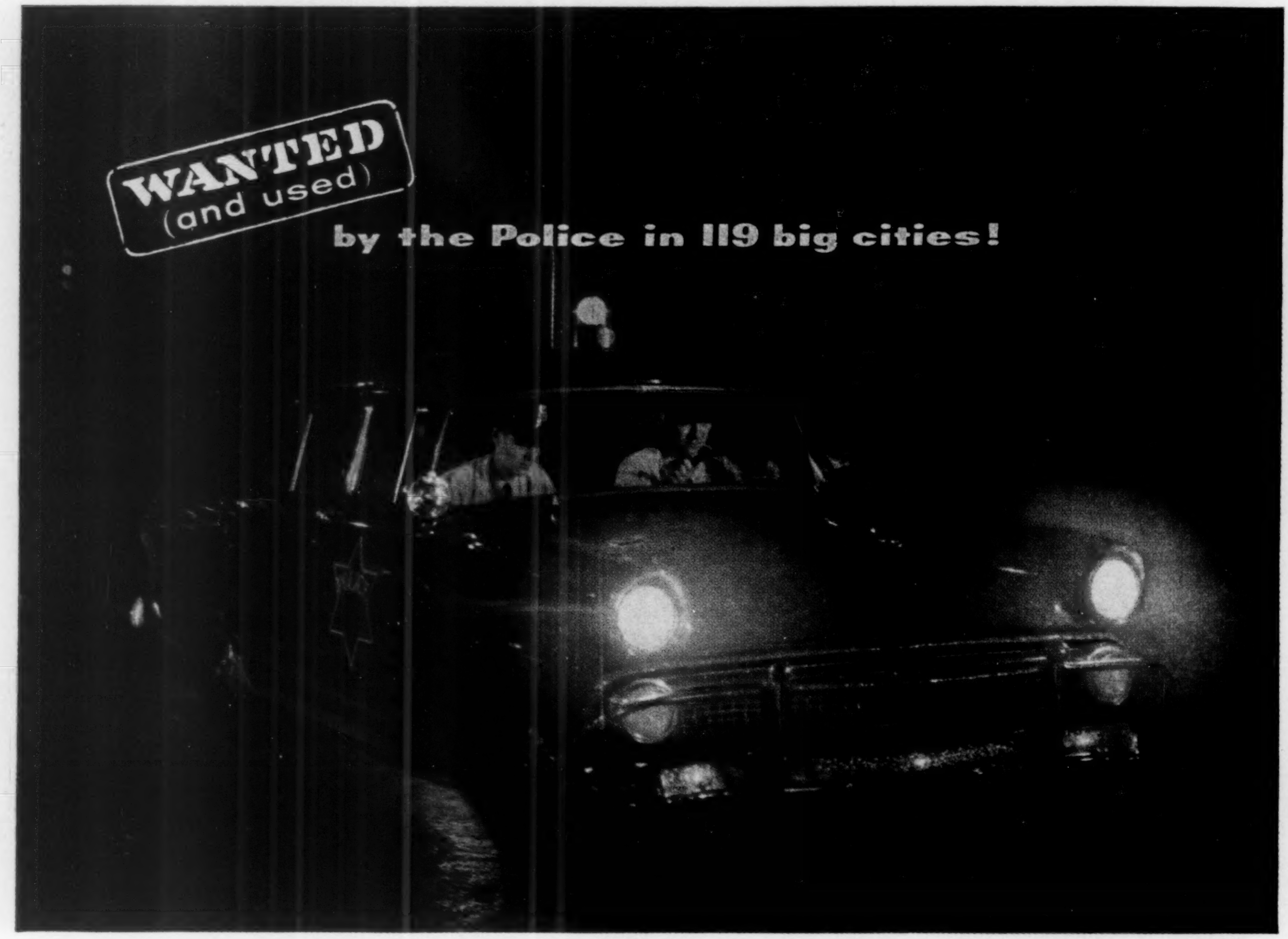
HARRISON RADIATOR DIVISION
GENERAL MOTORS CORP., LOCKPORT, N. Y.





**TEMPERATURES
MADE
TO
ORDER**

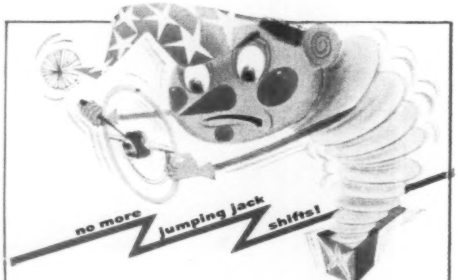
HARRISON



B-W Automatic Transmissions

DESIGNED

(They cut engine revolutions 15% – keep cars young!)


no more jumping jack shifts!

A continuous surge of power . . . never a hesitation or "bump" . . . with a B-W Automatic Transmission. One speed range "overlaps" another—the power is never off. Tiring vibration is banished, economy added. Made for both cars and light trucks.

Across the nation—New York, Chicago, Kansas City, even in Detroit, the motor city itself—B-W automatics in police cars are winning acclaim. In a year they saved one city $125,000 in repairs! More important, they help police officers beat fatigue, stay alert.

Drive a B-W automatic . . . see how 92% of the work of driving is eliminated. Feel the "snap" of a B-W automatic as you go from start to full cruise on one unbroken stream of power. Here is superb smoothness, without sluggishness. No commotion, jerks or clicks. Merging of speed ranges is so quiet you hardly hear it. Borg-Warner's way of combining a *torque converter* and *gears* achieves both smoothness and "go." You'll like the gas mileage, too—and the way a B-W automatic lets your engine breeze up hills, give real braking help coming down.

23 years of research stand behind B-W automatics and their exceptional performance and rugged stamina. Each one proves Borg-Warner *does* "design it better—make it better." America's fastest-growing motorcar drives, they are bringing happier driving to 2 million car owners. Make sure your next new car (or late model used car) has one!

Almost every American benefits every day
from the 185 products made by

ENGINEERING
B-W
PRODUCTION

Borg-Warner

AMERICA'S FOREMOST MAKER OF TRANSMISSIONS:
STANDARD, OVERDRIVE, AND AUTOMATIC

SHOULD TAXPAYERS SUPPORT NONPUBLIC SCHOOLS?

Catholics Raise the Issue—So Do Some Southerners

Taxpayers may find themselves helping to support private schools, if two new drives succeed.

One effort comes now in the South, as an attempt to keep racial segregation.

The other is promoted by Catholic bishops, seeking aid for parochial and other private schools.

The idea of using tax money to aid private schools is being advanced at this time from two directions.

In Virginia, leading the way for several Southern States, it is proposed that the State pay tuition of pupils who attend segregated private schools. The objective is to avoid mixing whites and Negroes in public schools.

At the same time, 208 cardinals, archbishops and bishops of the Roman Catholic Church are proposing that nonpublic schools, including church-related schools, should share in any aid that is given by the Federal Government to public schools. The right to aid is based on the broad premise that all children, not just children in the public schools, are entitled to any grants that would promote their health, welfare and safety.

The whole question of education, its cost and direction is moving into the front of national problems. Two thousand educators, assembled in a White House Conference on Education, are trying to find some of the answers to the problems of providing teachers and buildings for the 36.7 million children crowding the nation's schools.

Finance stands near the top of these difficulties. Private schools, without the power to tax, find this trouble particularly acute. Among the private schools, those operated by the Roman Catholic Church are the largest. They face a task of providing buildings and teachers for a child population that is rapidly growing. Under the tenets of the Church, these children must go to church schools whenever possible.

Private-school population. In this school year, there are almost 5 million pupils in private elementary and secondary schools. Of this total, from 85 to 90 per cent, or about 4 million, are in Roman Catholic schools. Upward of 100,000 children are in denominational schools operated by Lutheran, Adventist and Mennonite groups. Most of the remainder are in nondenominational schools that are run for profit, including military schools, preparatory schools and kindergartens. Most Protestants seem to prefer to send their children to public school systems.

If Southern schools go through with their plans to shift from public to private

(Continued on page 36)

Pupils in Catholic Schools Now Get This State Aid

Free textbooks

in KANSAS, LOUISIANA, MISSISSIPPI, NEW MEXICO, OREGON and WEST VIRGINIA.

Free transportation

in CALIFORNIA, ILLINOIS, INDIANA, KANSAS, KENTUCKY, LOUISIANA, MARYLAND, MASSACHUSETTS, MICHIGAN, NEW HAMPSHIRE, NEW JERSEY, NEW MEXICO, NEW YORK, OREGON, RHODE ISLAND and WEST VIRGINIA. Some transportation, although not specified in State laws, is provided in COLORADO, CONNECTICUT, OHIO and WYOMING.

School-lunch aid,

in addition to the federal program, in LOUISIANA, MASSACHUSETTS, NEW YORK, RHODE ISLAND and the DISTRICT of COLUMBIA.

Source: National Catholic Educational Assn.

Photo: Black Star

© 1955, By U.S. News Pub. Corp.

[continued] **PRIVATE SCHOOLS—PUBLIC AID?**

schools, the private-school population will skyrocket. But, in the South, such school systems would be supported, at least indirectly, by State and local tax funds.

The system of parochial and high schools maintained by the Roman Catholic Church, thus, will continue to be the largest school system maintained in the U. S. by other than tax funds. It has upward of 11,000 schools. Money for their support comes largely from parishioners. The high level of prices generally is making heavier the burden resting upon parishioners for maintaining and enlarging these schools.

This is the same plight in which public-school communities find themselves, all across the nation. In spite of the fact that they have State and local taxes to raise money for schools, they are falling steadily behind in the race to provide teachers and buildings for a rising population of children.

The growing burden is prompting appeals to the Federal Government for help from the U. S. Treasury. Local sources of revenue are limited. The White House Conference, now under way, is primarily concerned with the financing problem and with finding ways in which the Federal Government may help.

Catholics speak up. Watching public-school officials turn to the Federal Government for help, Roman Catholic churchmen joined to make a declaration of their own position. They voiced a vigorous defense of their school system, praised the work of the private schools and denounced any tendency to relegate the church schools to a second-class position in American education.

Then the prelates declared: "The students of these schools have the right to benefit from those measures, grants or aids, which are manifestly designed for the health, safety and welfare of American youth, irrespective of the school attended."

What this amounts to in plain language, as sketched by various Catholic authorities, is a demand that more help be given to the church schools. The Roman Catholic parishioner finds himself paying taxes to support a public-

(Continued on page 38)

CHURCH SCHOOLS—How the Law Treats Them

The Constitution says this:

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof . . ." (First Amendment)

The Supreme Court, in applying this Amendment to schools, has made these decisions:

IN 1844—Upheld the validity of the will of Stephen Girard, of Pennsylvania, which established a college that excluded ministers and missionaries.

IN 1908—Upheld the policy of the U. S. Indian Office in using Indian tribal and trust funds to pay for education of Indian children in Catholic schools.

IN 1925—Declared unconstitutional an Oregon law that required all children between 8 and 16 years of age to attend public schools. Upheld the right of parents to send children to Catholic and other private schools.

IN 1930—Upheld a Louisiana law that provided free textbooks to children in church and other private schools.

IN 1947—Upheld a New Jersey law which provided that tax money could be used to pay bus fares for children attending Catholic schools.

IN 1948—Declared unconstitutional a policy in Champaign, Ill., that permitted religious instruction in public schools during regular hours of school.

IN 1952—Upheld New York City's "released time" program that gave public-school pupils time off to attend classes in religious instruction outside of public-school buildings.

You Can DEPEND On It!

AIR PARCEL POST

AIR Parcel Post
gets there fast!

RELIABLE! Mail Air Parcel Post *any* hour of the day — it'll be on its speedy way at once and get direct-to-the-door delivery.

REASONABLE! Send even the smallest package for pennies — there's *no minimum charge.* For example, a two-pound package going 949 miles costs $1.29 *less* by Air Parcel Post than by the next cheapest air shipping service.

For more information and rates, call your Post Office. And remember that the new certified letter-mail service applies to Air Mail too.

Advertisement by the Scheduled Airlines as a public service for the U. S. Post Office

SAVE TIME, SAVE MONEY, USE...

AIR Parcel Post
and AIR Mail

4:45 P.M. 3 copies are needed right away

4:47 P.M. Takes only a minute to make them in Verifax Copier

$240 Kodak Verifax Copier saves $3,000 per year

This completely different copier enables Sligo, Inc., St. Louis, to answer quotations without retyping or proofreading

Getting quotations to prospective buyers *fast* gives Sligo a big sales edge in the wholesale mill supply and heavy equipment field.

Sligo simply fills in prices on the quotation form a prospect sends in. Then—in a minute—gets 3 Verifax copies for its general office file, sales department, and the salesman involved.

This short cut eliminates hours of retyping and proofreading *every* day . . . saves more than the $240 cost of a Verifax Copier *every* month. *More important still* is the new business which results from "quoting first" . . . and having error-free Verifax copies in the sales force's hands for prompt follow-up.

How you can save now with Verifax copying

☐ You'll get copies of letters, office records, news clippings, etc. immediately. No retyping. No trips to a central copying service.

☐ You'll save on dictation. Instead of quoting from a report or letter . . . you can send Verifax copies of it to all concerned.

☐ You'll eliminate slow "one-copy" routing.

☐ You'll answer many letters by jotting your reply in the margin and mailing back a Verifax copy.

☐ You'll eliminate transcription errors—Verifax copies are authentic from letterhead to signature.

☐ Your secretary will never have to retype for extra carbons . . . will save hours of retyping and proofreading on other jobs. The savings here, alone, quickly pay for your Verifax Copier.

See free demonstration in your office

Learn in detail why thousands of offices call a Verifax Copier indispensable. See your secretary—anyone in your office—whisk out Verifax copies of your records after a few minutes' instruction. No fuss. No change in present room lighting. Just mail coupon below.

MAIL COUPON FOR FREE FOLDER

Verifax
Copying

EASTMAN KODAK COMPANY 2
Business Photo Methods Division, Rochester 4, N. Y.
Please send detailed facts on Verifax copying and names of near-by Verifax dealers.

Name________________ Position________________

Company________________ Street________________

City________________ State________________

Kodak
TRADE-MARK

Come to Pittsburgh...

management headquarters for more than 100 major companies

. . . one of the world's leading industrial capitals, Pittsburgh provides opportunity to deal directly with major purchasers of goods and services of all types. Ample office space available in new and fully modernized downtown buildings.

Come to Peoples First...

for all your Pittsburgh banking needs

Make the most of your Pittsburgh opportunities by taking advantage of our complete banking and Corporate Trust Facilities. Our intimate knowledge of the growing Pittsburgh market is at your service. Inquiries welcomed.

Think of PEOPLES FIRST

PEOPLES FIRST
NATIONAL
BANK & TRUST COMPANY
Pittsburgh 30, Pa.
Member Federal Deposit Insurance Corporation

[*continued*]

PRIVATE SCHOOLS—PUBLIC AID?

school system, and in addition putting out money for the support of the Church's school system. Building costs and other expenses are rising in church schools as well as elsewhere.

The Catholic contends that his church school educates and prepares children for citizenship, and that, on this basis, it is entitled to help from State and federal funds on somewhat the same basis as the public school. This view is sketched clearly by many Roman Catholic authorities.

A problem of law. A constitutional and legal barrier, however, stands between this view and access to public moneys. The First Amendment to the United States Constitution has been held to prohibit aid to sectarian schools. Specific prohibitions against giving such aid are written into the constitutions and laws of most of the States.

These prohibitions held firmly as a ban until fairly recently. Up until 1930, about the only thing that church schools had won from the courts was recognition of a right to exist. A contract to send Indians to a Catholic school had been recognized. Oregon had been told that parents might not be compelled to send their children to public schools, but might send them to private schools instead.

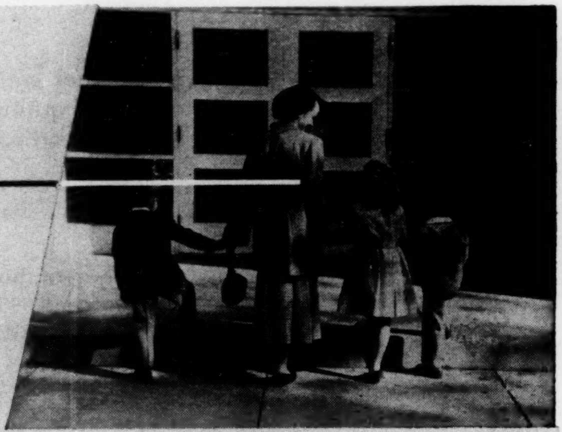
The first real break was a ruling in 1930 that it was legal for a State to provide free textbooks to children in private schools. This practice began with Louisiana and has spread to Mississippi, New Mexico, Oregon, Kansas and West Virginia (see charts on pages 35 and 36).

Seventeen years later, the courts broadened the degree of public help that may be given to church and other nonpublic schools. They ruled that public money might be used to provide bus transportation for children going to parochial schools. The case came from New Jersey.

In the meantime, another practice had been established. In 1938, President Roosevelt's Advisory Committee on Education recommended that any federal aid provided for reading materials, transportation, health and scholarships should go to all children, regardless of

(Continued on page 40)

SCHOOL ENROLLMENT—
Public And Private



	Public Schools	Catholic Schools	Other Private Schools
Grade-school pupils	25,348,000	3,136,500	553,500
High-school pupils	6,850,000	705,500	125,000
TOTAL	32,198,000	3,842,000	678,500

Basic data: U. S. Office of Education estimates

© 1955, By U.S. News Pub. Corp.

To the businessman who knows *his own product* is good...

You practice rigid quality control for the product you make—*does that always hold true for the products you buy?*

Take, as an example, a product you buy plenty of but may not have thought a lot about—the towels in your company washrooms. There's a way to check their efficiency—a way to measure what you're getting as well as what you're paying.

There can be a very unbusinesslike difference between what you pay and what you get

Only by determining rate of consumption can you get a true measure of towel costs. It is not the initial price of a case of towels but the rate of use that is important.

Because fewer Scottissue Towels are needed to dry (one easily dries both hands), the consumption is lower and cost per case is lower in the long run.

The quality of a towel shows up in a use-test

The proof of a towel is in the drying. The better the ability to dry, the lower the consumption. Here, the fast absorbency and wet-strength of a Scottissue Towel show to great advantage. One dries two hands, dries them completely. And though made double-fold for strength, a Scottissue Towel is soft enough to be used as a face cloth.

What your employees prefer is important too!

It has often been said that company morale is the result of many small things. There is no reason to think, therefore, that morale stops at the washroom door. Scott is the brand your employees buy most often for their homes—the brand they spend their own money for. It proves they know something about quality and economy too.

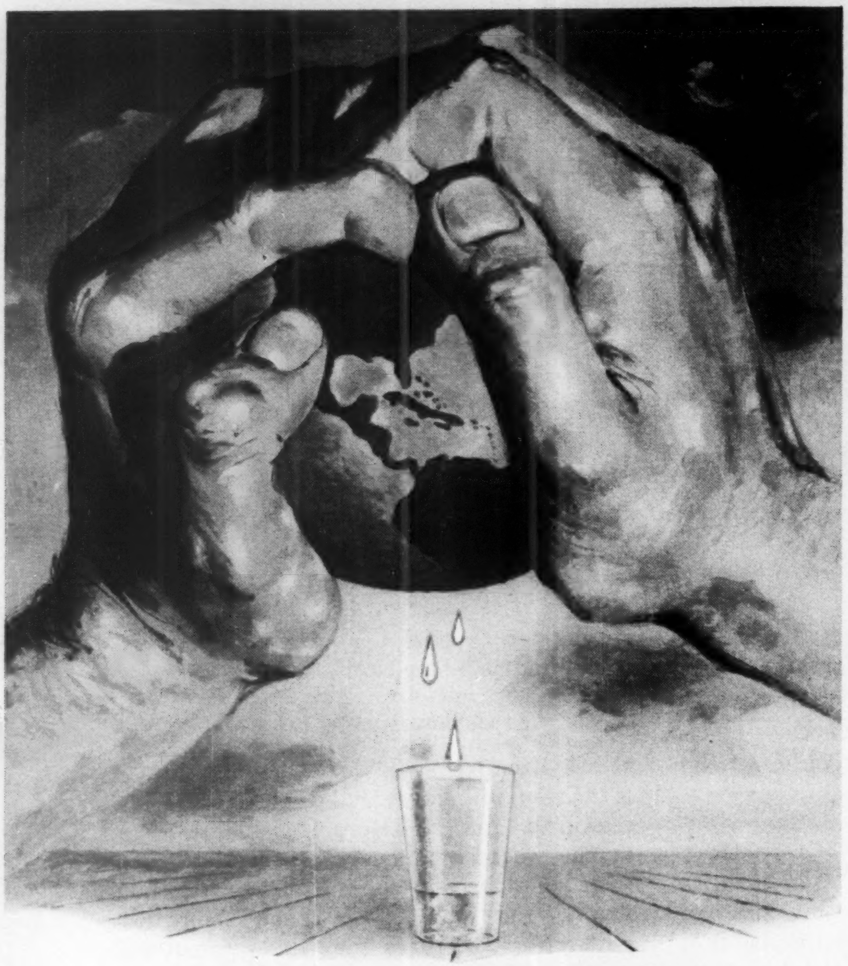
Test Scottissue Towels yourself—prove their quality

The best way to evaluate Scottissue Towels is to prove them against the towels you use now. Your local Scott representative will show you a simple consumption test that can result in substantial savings. Scott also has a "Planned Poster Program" which will do much to cut consumption and promote cleanliness in your washrooms. This program can be yours without obligation—write to Scott Washroom Service, Dept. US-13, Chester, Pa.

It's good business to use

SCOTTISSUE® TOWELS

Reg. U.S. Pat. Off



are we squeezing it dry?

The world's consumption of life-giving water is growing at an alarming rate.

In our country alone, the average family uses about 300 gallons daily.

Industry needs billions of gallons more. By 1975 demand is expected to double. Yet the amount of rainfall remains the same. And erosion of moisture-holding soil is a continuing problem.

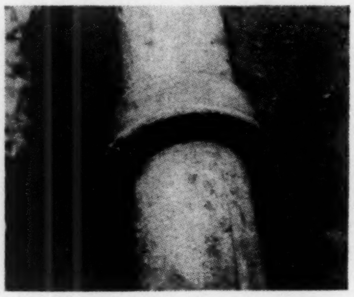
America's waterworks engineers work tirelessly to assure your family and your business plenty of water. But they need . . . and deserve your help. So use, enjoy Nature's most precious commodity...but conserve water wherever you can. Support the forward-looking plans of your water officials.

●

WATER, your priceless heritage . . . use it . . . enjoy it . . . protect it with

CAST IRON PIPE ®

CAST CI IRON



Man's most dependable carrier of water—Cast Iron Pipe

Laid 123 years ago this cast iron water main still serves Richmond, Va. Today, Modernized Cast Iron Pipe is even tougher, stronger. Cast Iron's proved record of long, trouble-free service assures greater service... saves tax dollars.

Cast Iron Pipe Research Association, Thos. F. Wolfe, Managing Director, 122 So. Michigan Avenue, Chicago 3.

[continued] PRIVATE SCHOOLS —PUBLIC AID?

whether they were in public or private schools. There was nothing binding about the recommendation, but something like this pattern came into being with respect to federal aid.

Following this pattern, virtually the same health-and-welfare services now are provided for parochial and other private-school children, in most States, as are given to public-school children. Similarly, federal funds that go into the school-lunch program provide for pupils in private schools as well as public ones. Four States and the District of Columbia provide public funds, in the form of school-lunch money over and above the federal program, to pupils in both private and public schools.

What Catholics want. In general, Roman Catholic authorities regard the federal lunch program as a good pattern to follow in handling any other school aid that may be given by the Federal Government. If federal aid is given, they make clear, they would like to see it help provide free textbooks and bus transportation for Catholic school children and others in nonpublic schools.

That is the way things stand now. The Catholics' position, as sketched by various authorities, is that they want for their schools every aid that the courts have held to be legal. One authority speaks of the "present interpretations of the U. S. Constitution" and infers that, as there have been differing interpretations in the past, there will be other changes in the future.

This source says that the various prohibitions in State constitutions and laws against giving State tax money to church schools are "unjust and discriminatory because they arbitrarily deny tax aid to schools which, like the public schools, prepare children for the responsibilities of American citizenship."

The source adds that Catholic authorities "see no reason why the inclusion of religious instruction in a school's curriculum should deprive it of tax support so long as the school complies fully with all of the requirements of the compulsory-educaiton laws."

Thus, the statement of the bishops is only one more blow in the long fight of the Roman Catholic Church to obtain large-scale aid for its church-sponsored and church-operated schools.

Ally in Protestant South? There is little likelihood that Southerners will unite with Catholics in trying to bolster the latters' school with tax funds, however. The proportion of Catholics is small in the Southern population. Moreover, church officials say, there is a wide disparity between the position of the Catholic school and the type of private school that Virginia and other Southern States want.

The search of Virginia, and other States of the South, is for a private school in which segregation of whites and Negroes can be maintained. Catholic authorities say that desegregation has been a basic aim for their schools from the beginning.

In many areas, particularly in Border States, Catholic schools had been desegrated long before the Supreme Court decision. Their integration movement had been going forward steadily, even in some areas of the Deep South. Such States as North Carolina, Louisiana and Mississippi have felt the movement of the Catholic schools toward desegregation. This action leaves litle ground for co-operation between church schools and the kind of private schools proposed for Southern States.

—USN&WR Photo

THE SCHOOL BUS

. . . subject of a court decision

Moreover, the Protestant South is firmly set, for the most part, against any tax aid that would strengthen the position of Catholics in its areas. Virginia legal experts say that the law drawn up by their Legislature will not let down the barriers to permit tax money to go to parochial schools.

Nevertheless, the drive of the Church is on. It is to be a continuing one.

"It may have been possible to ignore us once when there were not many of us in the United States," says one Catholic churchman. "But now we are 30 million people and we must be heard."

For texts of Catholic views on giving public funds to private schools, and of a Protestant reply, see page 102.

he shut
his
door
to new
customers!

A few years ago his firm was kept busy by its regular customers. So, this man decided, "We've got all the business we need—why look for more?" Things were so good he just forgot that 15%* of most firms' customers turn over each year. Today they are out of business.

It's downright risky to count on today's customers for tomorrow's business. Few can afford to stop adding new customers on a *regular* basis. And that's where Dodge Reports come in.

Dodge Reports help you select just the potential new customers you will want and also point out what's happening to old customers. These daily reports give you their names, show what they're in the market for, tell where to reach them and when to see them to close the business.

We'd like you to see some Dodge Reports covering construction in whatever area you do business—and will include our new booklet telling how men in your line *keep the door open to new business.* Just mail the coupon *today.* No obligation, of course.

*Multiply this by 7 and see what can happen.

Timely, accurate, daily construction news service in the 37 eastern states

F. W. DODGE CORPORATION

Construction News Division

Dept. U559, 119 West 40th St., New York 18, N. Y.

Show me some typical Dodge Reports on current selling opportunities in my trading area. Our stake in the business is in—

☐ **House construction** ☐ **General building** (not houses) ☐ **Engineering projects**

Name________________

Company________________

Address________________

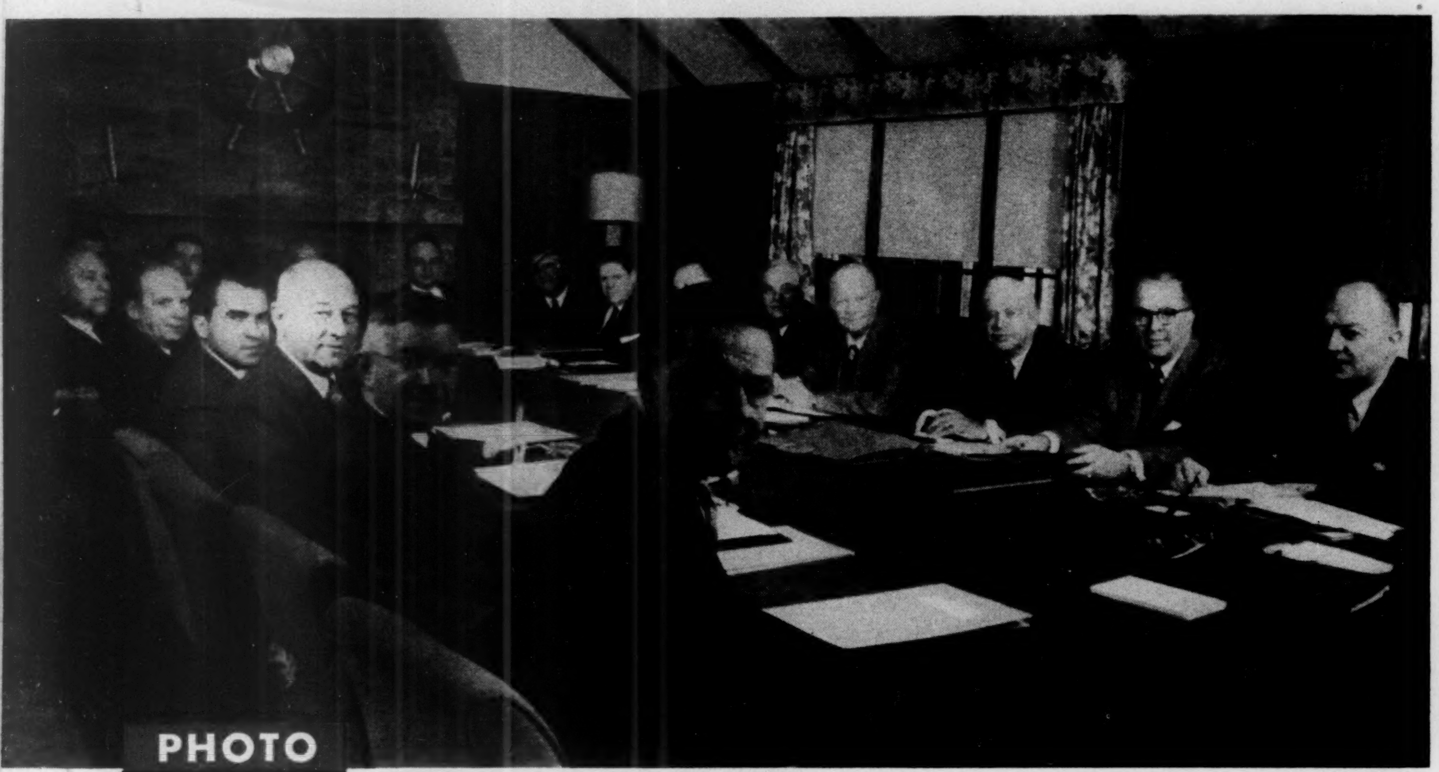


PHOTO REPORT

AT IKE'S CABINET MEETING

President's Advisers Gather in a New Setting

A CABINET MEETING at a mountain camp dramatized President Eisenhower's gradual return to all the duties of a Chief Executive.

For the first time since his heart attack in September, the President last week convened the Cabinet at a formal meeting. Only the informal surroundings made this meeting any different from a session at the White House in Washington.

The place was Camp David, the President's mountain retreat about 25 miles south of Gettysburg. Most of the high-ranking Government officials who attended were flown up from Washington, 65 miles away, by helicopter. It was a 35-minute "heli-hop."

The Cabinet members assembled in the living room of Laurel Lodge, main building of Camp David.

First order of business was a review of the international situation. Then came a discussion of the President's annual state-of-the-union message, to be delivered to Congress in January. The meeting lasted two hours.

On the day before this Cabinet session, President Eisenhower had been driven by car from his farm outside Gettysburg to Camp David for a conference with the National Security Council, the nation's top strategy board.

HELICOPTER, with high U. S. officials, leaves the Pentagon for Ike's camp.

These two meetings showed the world how President Eisenhower plans to shoulder more and more of the routine of his office while still convalescing at his home near Gettysburg. With the aid of the helicopter, he can bring all the principal officials of Government to his side in less than an hour's time.

A photograph of the Cabinet meeting appears above.

At the far side of the table, starting from extreme right, are Harold E. Stassen, presidential Assistant on Disarmament; Agriculture Secretary Benson, Defense Secretary Wilson, President Eisenhower, Secretary of State Dulles, Postmaster General Summerfield, Secretary of Labor Mitchell, Budget Director Hughes, Defense Mobilization Director Flemming, Presidential Assistant Adams.

At the near side of the table, front to rear, are U.N. Representative Lodge, Interior Secretary McKay, Treasury Secretary Humphrey, Vice President Nixon, Attorney General Brownell, Commerce Secretary Weeks, Cabinet Secretary Rabb, Civil Service Chairman Young.

SECURITY COUNCIL members get set for helicopter ride to Camp David. Left to right: Secretary Wilson, Attorney General Brownell, Secretary Humphrey.

VICE PRESIDENT NIXON steps down from helicopter after flight to President's camp.

BEFORE CABINET MEETING, President Eisenhower greets members of his official family as they assemble in living room of Laurel Lodge, at Camp David.

LAUREL LODGE, where the Cabinet met, is main building at Camp David, 2,500-acre hideaway in west Maryland. President's cabin is 300 feet away.

PRESIDENT EISENHOWER leaves the meeting of National Security Council at Camp David.

WHERE REDS GET THE RED CARPET

India Gives Top Honors to Russian Leaders

Moscow is stepping up a drive to get a foothold in India.

On the surface, the campaign appears to be coming along fine.

Top Reds, calling on neutral India, are given a rousing reception.

The welcome for Bulganin and Khrushchev in New Delhi was a well-planned display of mutual admiration—just as impressive as the earlier ceremony Moscow put on for India's Prime Minister Nehru.

But there is more to Moscow's strategy than good-will visits. There is more to the Nehru strategy, too.

NEW DELHI, India

Moscow's team of smiling glad-handers, Premier Nikolai A. Bulganin and Communist Party Boss Nikita S. Khrushchev, is back on tour again. This time the two Communists are parading their winning ways in neutral India.

Not since this country won its independence from Britain has New Delhi staged a celebration to match the warm and lavish welcome arranged for the visitors from the Kremlin.

A crowd of more than a million people jammed the New Delhi airport and lined the streets to watch the pair go by. Garlands of flowers were draped about their shoulders and strewn in the path of their American-made limousine. Everywhere they went they got a full-dress treatment seldom accorded any foreigner in this part of the world.

Although Prime Minister Jawaharlal Nehru went out of his way to pronounce once more India's neutrality—"We are in no camp," he told the Russians—the mass demonstration of greeting actually was a carefully planned affair. Government workers were given a day off. Classes were dismissed for the occasion so singing, shouting children could greet the visitors. Banners bearing pro-Communist slogans were ready far in advance and appeared by the thousands when the signal was given. Nothing was left undone to give the reception an air of cordiality.

India hospitality. The welcomers couldn't have been better hosts. Everywhere the Moscow visitors went they were greeted by bands playing the Indian and Soviet national anthems. Buildings were festooned with bunting of Indian green and Communist red. Communist Party headquarters in New Delhi were decorated with white doves of peace. Children and grownups in the crowds enthusiastically waved flags bearing the hammer-and-sickle emblem.

For their part, Bulganin and Khrushchev were playing to the hilt their role of friendly, peace-loving dignitaries from a powerful neighbor.

Within the space of a few days they gave India the full treatment of the good-fellowship routine they first displayed to the outside world earlier this year when they visited Yugoslavia. Here, some of the boisterous cordiality was missing—perhaps because of Hindu religious prohibitions against alcoholic

—Wide World

BULGANIN AND KHRUSHCHEV ARE WELCOMED BY INDIA'S NEHRU

From the Russians: every campaign tactic short of kissing babies beverages. But everything else was the same.

At the airport, Bulganin and Khrushchev simultaneously doffed their identical straw hats to wave their first greeting to their hosts. With military correctness, they reviewed an Indian guard of honor drawn up to attention for the occasion. They spoke before the Indian Parliament and got an enthusiastic response.

They even took off their shoes and stood before the memorial to Mahatma Gandhi—India's national hero who, until a few months ago, was identified as a "demagogue" in Soviet publications.

Trouble for Mr. Nehru? In one sense, the Bulganin-Khrushchev visit has put Prime Minister Nehru on a spot, although it doesn't seem to be worrying anybody in his Government.

At home, Mr. Nehru is a hard-fighting foe of Indian Communists. He has repeatedly taken the stump against Communist candidates and generally denounced local Reds for being financed and controlled by foreigners. At the same time, he has often spoken words of praise for both Russia and Communist China. On many international questions, he has sided with the Communists.

The result is that, despite Mr. Nehru's campaign against local Communists, Russia's popularity has never been higher in India. And the Bulganin-Khrushchev visit is obviously regarded by the local Reds as a boost for their side.

U. S.: "Most warlike?" Early last summer the Indian Institute of Public Opinion conducted a poll that produced some impressive statistics on just how the average Indian feels about Russia and the U. S. In West Bengal—where the results were typical of the nation-wide response—persons polled were asked this question:

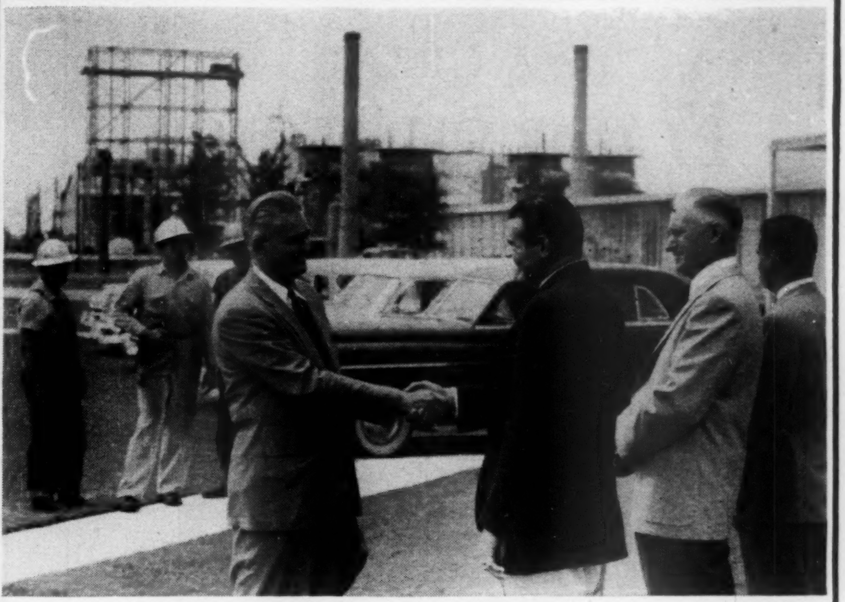
"Do you feel there is a foreign government that is willfully preparing for a war of aggression?"

Thirty-seven per cent answered "Yes," 13 per cent "No" and 50 per cent "No opinion." But of those who answered "Yes," 79 per cent said the warlike government was the U. S., 11 per cent said Pakistan and 4 per cent Britain. Only 6 per cent said Russia.

When asked, "If there is a war between Russia and the United States, do you feel that India should take sides or remain neutral?" 15 per cent said "Take sides," 49 per cent said "Remain neutral" and 36 per cent expressed "No opinion." When those who said India should take sides were asked "Which side?" only 7 per cent said the U. S. The remaining 93 per cent favored siding with Russia.

These feelings about Russia and America may have changed somewhat since then, but the poll does indicate a sub-

(Continued on page 46)



SOUTHERN HOSPITALITY

extends to industry, too

Expanding industry is welcomed with enthusiasm in the fast-growing Middle South. And here your warm welcome *stays* warm. You feel it in the continuing co-operation of state and local governments, in the sincere interest of community leaders, in the genuine friendship of the man on the street.

There is no substitute for this kind of hospitality.

IN THE MIDDLE SOUTH

The people of Arkansas, Louisiana and Mississippi see a future that's busy and bright—with every incoming enterprise another partner in progress.

PLUS ECONOMIC ASSETS

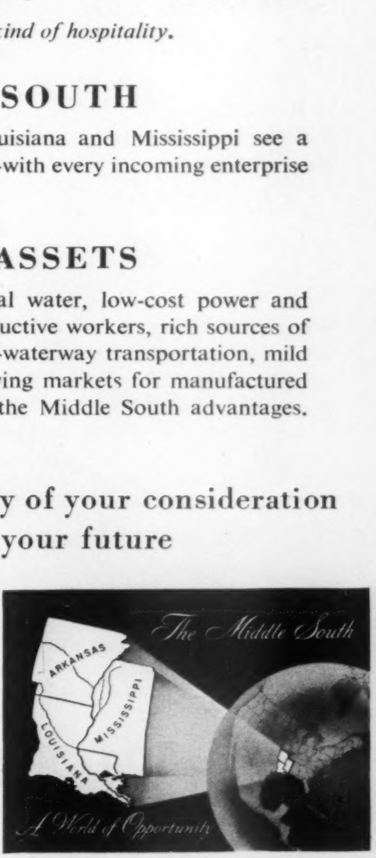
Plentiful supplies of industrial water, low-cost power and natural gas, friendly and productive workers, rich sources of raw materials, handy air-land-waterway transportation, mild year-'round climate, fast-growing markets for manufactured products—these are some of the Middle South advantages.

Shouldn't you learn the rest?

The Middle South is worthy of your consideration when you plan your future

For a closer look at the Middle South, write or visit the **Middle South Area Office,** 211 International Trade Mart, New Orleans—or any of these business-managed, tax-paying electric and gas service companies.

ARKANSAS POWER & LIGHT COMPANY
Little Rock, Ark.
LOUISIANA POWER & LIGHT COMPANY
New Orleans, La.
MISSISSIPPI POWER & LIGHT COMPANY
Jackson, Miss.
NEW ORLEANS PUBLIC SERVICE INC.
New Orleans, La.



A GREAT
17 YEAR OLD SCOTCH
(IN LIMITED SUPPLY)

Ballantine's
LIQUEUR BLENDED SCOTCH WHISKY

The World's Most Treasured Name!

When only the best is called for... this great 17 year old Scotch is the perfect choice.

Ballantine's is there!

the Crest of Quality
Ballantine's
REGISTERED TRADE MARK
Ballantine's
17 YEARS OLD
Ballantine's
IN USE FOR OVER 125 YEARS
ESTABLISHED 1827
BY APPOINTMENT TO
THE LATE QUEEN VICTORIA
THE LATE KING EDWARD VII
4/5 QUART
86 PROOF
LIQUEUR BLENDED SCOTCH WHISKY
100% SCOTCH WHISKIES
17 YEARS OLD
BLENDED & BOTTLED BY
George Ballantine & Son Limited
DISTILLERS
Glasgow & Dumbarton, Scotland
PRODUCE OF SCOTLAND
PRINTED IN SCOTLAND
IMPORTED BY
"21" Brands, Inc., New York, N.Y.

86 PROOF "21" Brands, Inc. NEW YORK CITY

[continued] **WHERE REDS GET THE RED CARPET**

stantial amount of anti-American sentiment among Indians, and there are probably many who are uncertain about the Russians. It is these waverers that Bulganin and Khrushchev hope to win over by their visit.

Red "propaganda coup." Technically, the present courtesy tour is in return for a visit Mr. Nehru recently paid to Moscow, where he was accorded a reception that matched and probably outdid the New Delhi reception for the Communists. Moscow took full advantage of Mr. Nehru's presence in the Communist capital to make a display of Russia's friendship for all Indians.

Films of the trip, produced by Russia's most skilled cameramen, have since been shown in practically every theater in India and have been seen by millions. They have made a tremendous impression. An American official describes them as "without doubt the greatest propaganda coup anyone has scored here."

INDIAN STEEL MILL
How much help from Russia?

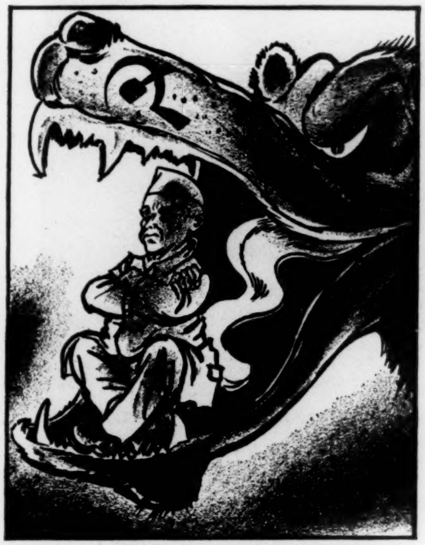
Now the Kremlin visitors are returning Mr. Nehru's call—and using every campaign trick short of baby-kissing to win friends. They are making sweeping offers of technical assistance and economic aid for India's industrialization.

Apparently the details of such aid will be discussed only at the close of the tour by Bulganin and Khrushchev. Most officials here are convinced that, despite big talk, the actual aid Russia will be able to offer the Indians will be severely limited. Nobody expects it to come anywhere near the almost half a billion dollars the U. S. has doled out to India in loans and gifts since 1951.

Toward the U. S.: a switch. Whatever India finally gets from this trip, nothing is likely to dampen the enthusiasm that has greeted the Russians. One thing that impresses an American visitor is that all this display of warmth and admiration comes at a time when the Nehru Government seems to be going out of its way to be nice to the U. S.—a noticeable switch.

It is no longer embarrassing for an Indian to say something kind about the U. S. He can even criticize Russia or Communist China without fear of being denounced as an American agent. This represents quite a change in a country where only a few months ago a favored pastime was baiting Uncle Sam.

Mr. Nehru's public statements about the U. S. show the new trend. In the last five years, the Indian Prime Minister rarely had a kind word to say for America. Now he goes out of his way to praise President Eisenhower. Even some criticism of the Kremlin has been appearing in Indian newspapers lately.



–Fletcher in the Sioux City Journal-Tribune

"NEHRU'S NEUTRAL POSITION"
Has he shifted lately?

It is clear that Mr. Nehru has set out to refute the charge that he is "neutral in favor of Russia and Red China." Aides say he is determined to convince Americans that he is equally friendly to the U. S. and the U.S.S.R.

Right now, however, it appears to be Russia's turn. At a time when Mr. Nehru is publicly reaffirming his neutrality between East and West, the top men from Moscow are being feted here with beaming enthusiasm. With bands and bunting and ready-made crowds, Mr. Khrushchev and Mr. Bulganin are being shown that nobody could be more welcome than they.

"It's a Honey" is nation-wide verdict on new Friden Natural Way Adding Machine

Just put your hand here

—to feel how every finger (of either hand) falls into natural, easy working position . . . how the over-size, plainly labeled control keys give direct "live" response . . . how Totals and Sub-totals are obtained instantly by depressing bars, with no space strokes required. This is the *first* adding machine to fit the human hand—the first new keyboard granted a patent in years!

...and see what happens here

Actual items you enter on keyboard appear in this Check Window *before* they are printed or added. For the first time on an American 10-key machine you *see* what you're adding—so you can work quickly and accurately. Note, too, how Clear Signal prints automatically on tape with the first item following a total . . . also how True Credit Balance prints without extra motor operations or pre-setting!

From Friden — maker of the fully automatic Calculator, *The Thinking Machine of American Business*—you expect a remarkable adding machine. We promise you will not be disappointed. Ask your nearby Friden Man to show you the Friden Natural Way Adding Machine . . . *it's completely new!* Friden sales, instruction and service throughout U.S. and the world. FRIDEN CALCULATING MACHINE CO., INC., San Leandro, California.

PRODUCTS OF Friden
THE NATURAL WAY ADDING MACHINE
THE AUTOMATIC CALCULATOR
THE COMPUTYPER • THE ADD-PUNCH MACHINE

Don't let a business partner's death be the death of your business, too!

Losing a business partner who, more importantly, has been a close personal friend, is tragedy enough in itself—without *adding* to the tragedy by losing your business, as well.

And yet, they so often go together. For it can be a matter of life or death if a deceased partner's heirs want to sell their holdings; or inject inexperienced hands into the business.

What steps can you and your partners take now? First, have your attorney draw up a Buy-and-Sell agreement that gives remaining partners the option to buy the deceased partner's shares. Then ask your Travelers man to arrange for Partnership-Life insurance so that the money is available for the purchase.

Please send me further information concerning Partnership-Life insurance.

*Name*____________________

*Street*____________________

*City*____________ *State*__________

USN 12-2

ONE OF THE LEADING
LIFE INSURANCE COMPANIES

THE TRAVELERS

INSURANCE COMPANIES, HARTFORD 15, CONNECTICUT

All forms of personal and business insurance including • Life • Accident • Group • Automobile • Casualty • Fire

Worldgram®

FROM THE CAPITALS OF THE WORLD

RIO DE JANEIRO....BUENOS AIRES....CAIRO....MOSCOW....

>> Real calm and stability in Argentina and Brazil are months away. Here are points to bear in mind as the two big countries go from crisis to crisis:

Military men took over in both countries--directly in Argentina, indirectly but firmly in Brazil. The politicians had to play second fiddle.

Radicals, left-wingers, were not getting far. Army men distrusted them.

Splits among the military, however, were a growing problem. Air Force chiefs in Brazil were critical of Army maneuvering. Argentina's Army was divided as to who was the best man to run the Government and how he ought to run it.

Struggle for power is far from settled in either of these countries.

>> There's this difference in the military's role in Argentina and Brazil:

In Argentina, the armed forces staged a revolution. They used their guns, ships and planes to force Perón out. An Army general later took Perón's chair.

In Brazil, it's important to remember, there was an election in October. A new President and Vice President were elected to take office in January. The Army meanwhile forced one acting President out, tried to keep another from getting back in, for fear of a coup which would upset the October vote.

Brazil's crisis, so far, has involved little shooting, no fatalities.

Civilians, not military men, were wanted in the Presidency. Military men in Brazil regard themselves as guardians of the country, not as rulers.

>> More crises, more explosions are expected in both Argentina and Brazil.

Several ambitious generals waited their chance in Buenos Aires to get the top job away from General Aramburu, if they could. Aramburu's big problem was to rid labor unions of Peronist leaders. It was not at all certain he could.

Brazil's danger was that military men would fight each other to decide which civilian to install as President. Election was supposed to have settled that, but both military men and politicians seem more divided than ever.

Serious clashes--Army vs. Navy and Air Force--were a real possibility.

>> If you're keeping tab on who's ahead in the Middle East.....

Reds' arms deal with Egypt was just one move on that chessboard.

Baghdad pact--lining up Iraq, Iran, Turkey and Pakistan against Soviet aggression--counts as a move in the West's favor. Whatever its military value, the pact shows that much of the Middle East is not neutral, not pro-Soviet.

In the race for oil, the West's lead over Moscow is increasing. U.S. oilmen have just won first concession ever granted by Yemen, Arab kingdom next door to oil-rich Saudi Arabia, and also won right to look for oil in Jordan. Moscow has yet to get its first oil concession anywhere in the Middle East.

(over)

>> In Cairo, as some Egyptian military men are beginning to realize.....

Very practical obstacles confront Premier Nasser of Egypt before he can make much use of the planes and tanks he is buying from the Soviet bloc.

Egyptian pilots will need at least a year to learn how to fly the Soviet MIG-15 jet planes. MIG's value, even then, is in air combat, rather than in ground support. In past, Egyptians haven't done well in air scraps.

Transport for tanks will be a major headache if the tanks Egypt get are 60-ton machines, as Cairo now hints. Egypt has fewer than 50 railway cars able to carry its 52-ton Centurion, to say nothing of the 60-ton Soviet tank. And, without transport, Egypt's tanks can't readily get very far from base.

Military value to Egypt of the deal with Moscow remains to be proved.

>> Value to Moscow of this arms deal is much clearer. For one thing.....

A diplomatic crisis for the West has resulted.

Cheap cotton for Russia is a by-product, as Egypt pays for arms with cotton.

Unloading of surplus arms seems also to be in Moscow's mind. Planes and tanks going to Egypt are obsolescent types. Russia is changing over to new and better types. Informed estimate is that the Soviet Air Force has 6,000 jets it is ready to junk. So--Moscow reasons--why not unload the old stuff in places where it will hurt most, while collecting useful commodities in exchange?

>> Soviet leaders appear unusually confident they're ready to take on U.S. in industrial and economic competition in all parts of the world.

Soviet industrial know-how, according to Russian leaders visiting India, can build high dams, steel mills--especially in Egypt, India, Afghanistan.

Soviet technicians are being turned out at a rate far above that in U.S.

Soviet steel plants, while short of U.S. mark in output and efficiency, are a match for West Europe's plants, British steel experts now testify.

Soviet auto industry, hardly impressive to date, has big ambitions.

Soviet talk is very big, especially in areas not yet industrialized.

>> To look at Moscow's plans to build up an auto industry in Russia.....

Ten big plants in Russia currently produce 60,000 cars and 540,000 trucks a year. Not much for U.S., but a lot for Russia.

Export of Soviet cars is to be pushed, even if few Russians have autos. Cars from Soviet bloc, as it is, are showing up in some European markets.

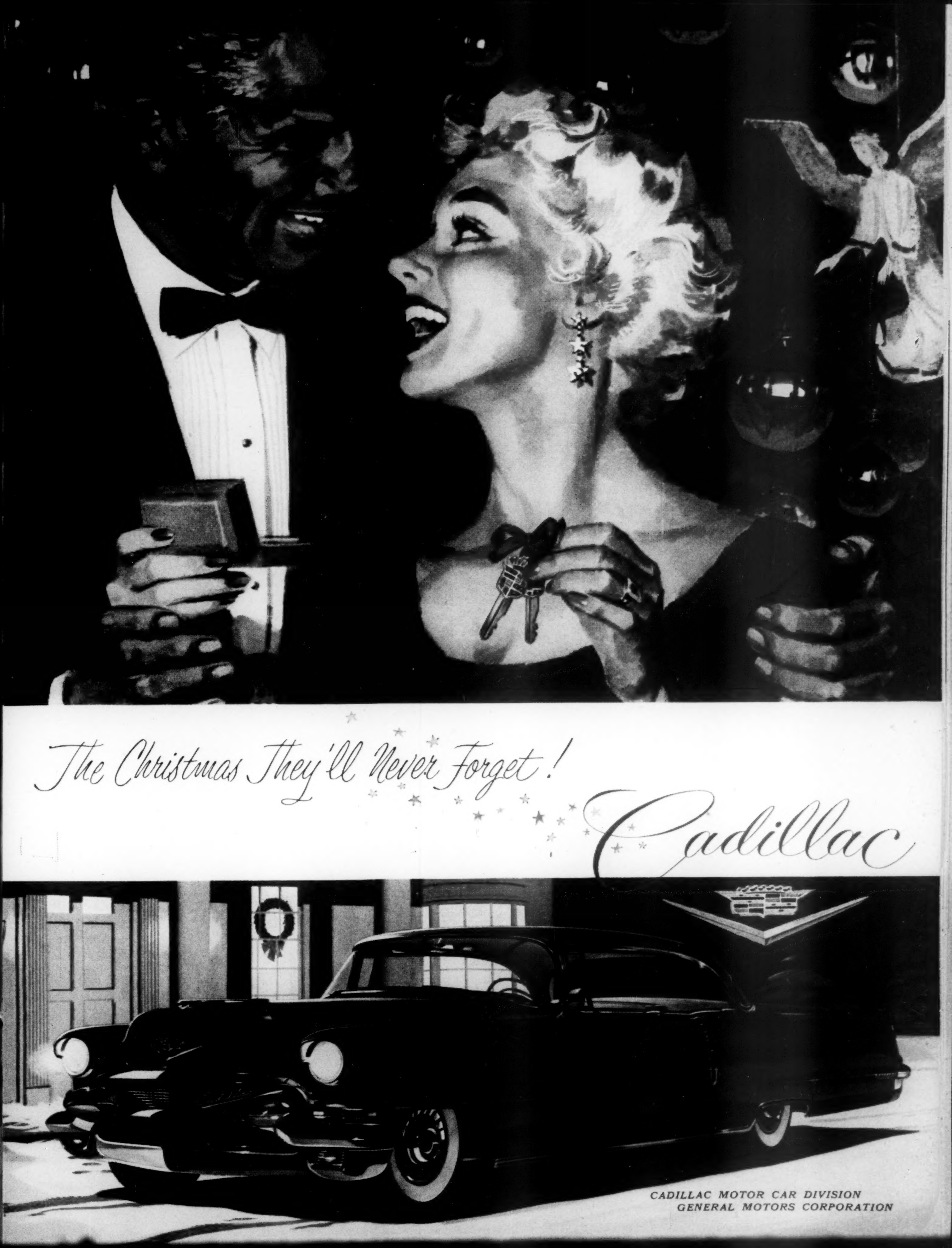
A special ministry has been set up in Moscow to push auto exports.

New models are in production. Western ideas are being utilized. Even a light racing car, to compete with Western sports models, is in the works.

These plans are to help exports, though, not Russian buyers. In Moscow, alone, 70,000 persons are on waiting lists for cars. A few persons may get autos within a year, if they're lucky, provided they can pay the full price well in advance, and they promise not to resell their cars for three years.

>> One activity not advertised by Moscow is the continuing dispersal of heavy industry. A new steel plant is going up in a small town midway between Moscow and Leningrad, far from the source of either coal or iron ore.

Explanation: Soviet leaders are continuing Stalin's idea of moving industry away from militarily unsafe areas. Stalin started one center in the East. Second center is now in making closer to Baltic--which Moscow sees as a Soviet lake.


The Christmas They'll Never Forget!
Cadillac
CADILLAC MOTOR CAR DIVISION
GENERAL MOTORS CORPORATION

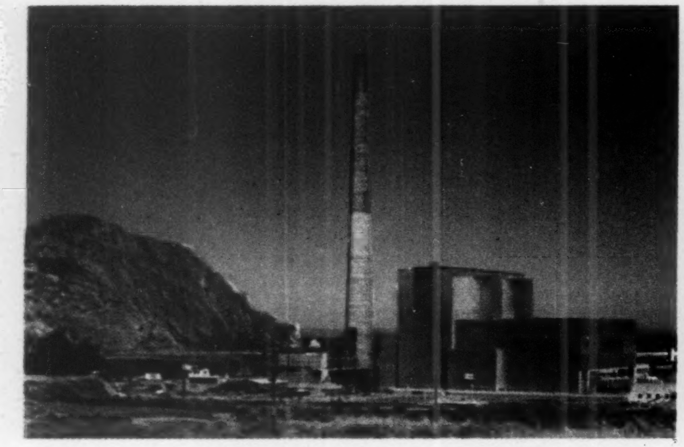
Fortune recently asked

"Can Power Plants Be Beautiful?"

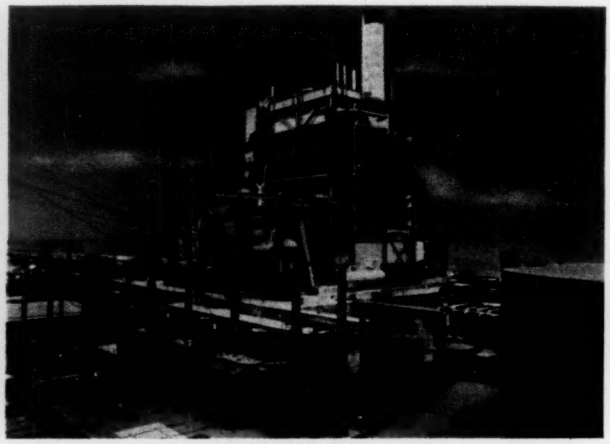
... April, 1955, p. 62

We *submit that they can* . . . and offer in evidence four new steam electric plants designed and constructed by Bechtel.

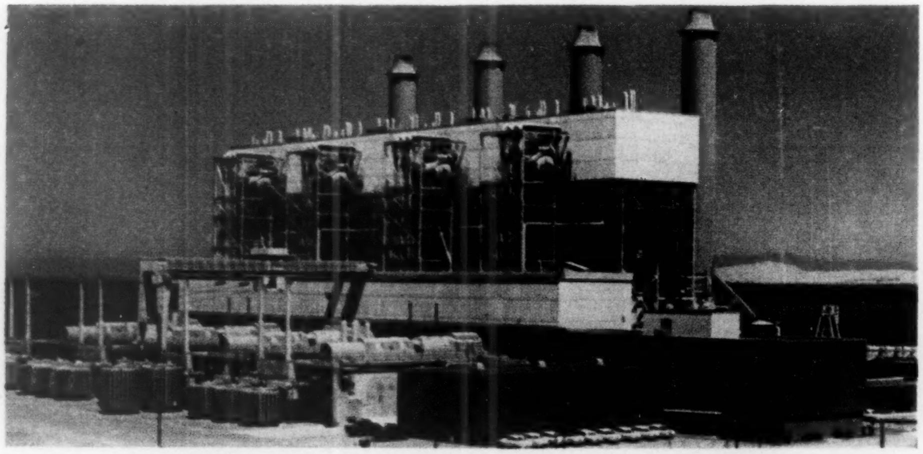
66,000 Kilowatts CARBON STEAM PLANT Castle Gate, Utah Power & Light Co.



300,000 Kilowatts MORRO BAY STEAM PLANT (First Unit)...
Pacific Gas and Electric Company



320,000 Kilowatts EL SEGUNDO STEAM PLANT (First Unit)...
Southern California Edison Company



660,000 Kilowatts PITTSBURG STEAM PLANT...
Pacific Gas and Electric Company

BECHTEL
BUILDERS FOR INDUSTRY

BECHTEL CORPORATION

Los Angeles **SAN FRANCISCO** *New York*

We've Been Asked:

IS SIX-MONTH-TRAINING PLAN A FAILURE?

- **Army hope of building up its Reserves by offering youths a short cut in draft is a long way from goal.**
- **Some people are asking why the program is lagging and what this plan offers to teen-agers.**

What's happening to the six-month-training plan that was supposed to give youths a way around the draft? Is it a failure?

Pentagon officials insist that the plan is not a failure, though it has fallen far short of original hopes. The goal was to get 90,000 boys under the age of 18½ in the Army Reserves through this program by next June 30—that is, at the rate of 10,000 a month. The program has failed to come near that figure.

How many are taking this training?

At the start of the second month of the plan, in November, only about 1,700 youths between 17 and 18½ were taking this active training for the Army. A total of 3,060 had signed up for the program, which calls for six months of active training and then 7½ years of weekly drills in the Reserves or in the National Guard. Some of those who signed up are delaying their active training till they finish high school or reach the age of 20.

What's wrong with the program? Why haven't more volunteered for this reserve training?

There are two main reasons. Army officers say that it got off to a slow start because the plan, approved by Congress last August, was not publicized enough. Youths and their families didn't know what was being offered. Efforts are being made now to explain the program better through units of the Reserves and National Guard and through Army recruiting stations. As a result, they say, more interest is being shown in the plan. These officers say they expect a pickup in volunteers after the Christmas and New Year holidays—when the program is better understood.

A second reason for the slow rate of volunteers is that many youths under the age of 18½ simply prefer to wait and take their chances with the draft. With monthly draft calls at a relatively small rate and with local boards having big backlogs of available older men, some youths think they may not be called for induction—certainly not any time soon.

Just what does this six-month-training program offer youths?

It gives them a chance to avoid two years of draft service in the armed forces. Instead, they need to leave home for only six months to take active training, with pay of $50 a month. Then they can return home but must promise to continue training in the Reserves or National Guard for 7½ years more. This means that they can go to school or get regular jobs with assurance that they will not be called to active service—except in time of war or emergency—so long as they keep up with their Reserve training.

Do services other than the Army have such programs?

The Marines do, but on a much smaller scale. Their goal is 5,500 by next June 30. Latest figures, for the start of November, showed that only 422 had volunteered for the Marine Reserves. The Air Force and Navy do not have this short-cut program for training.

What kind of training do these boys get during the six months?

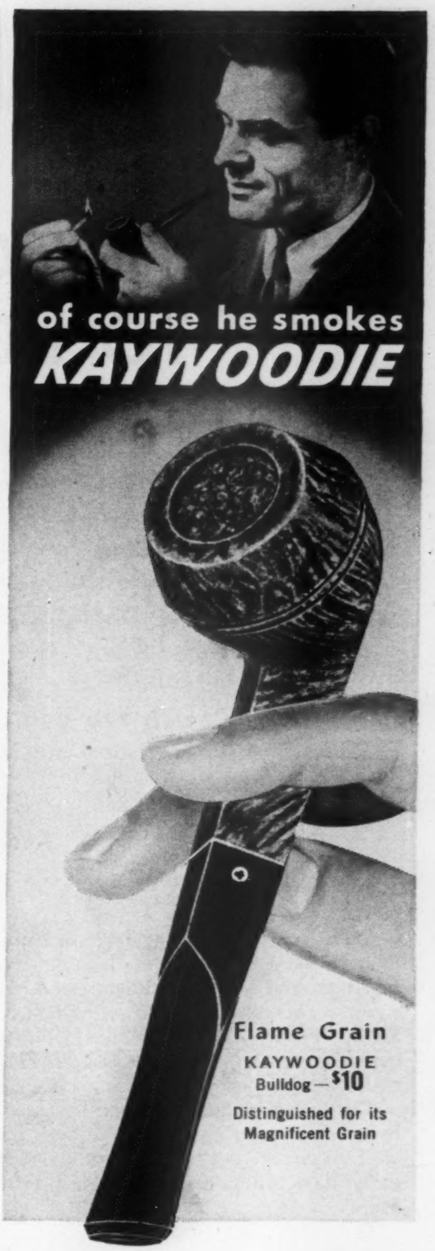
For the first eight weeks they are given basic training similar to that for men who are drafted. After that, they are given advanced and specialized training. They are divided into various branches of service, such as infantry, engineers and medical corps.

Where do they train?

At present the Army has six bases for this Reserve training. They are located at Fort Knox, Ky.; Fort Bliss, Tex.; Fort Ord, Calif.; Fort Jackson, S. C.; Fort Leonard Wood, Mo., and Camp Chaffee, Ark. The Marines are being trained at San Diego, Calif., and Parris Island, S. C.

Is the six-month-training program going to be expanded?

Yes. There soon will start a program under which certain skilled workers and scientists can avoid two years of draft service by taking the six-month-training course. Then they can return home and some will not have to take the weekly Reserve drilling. These trainees usually will be older than 18½.



His Kaywoodie is the finest pipe made. Its beauty is rare, indeed, for only the choicest imported briar is worthy of Kaywoodie. The density and close grain assure the world's sweetest, coolest smoke. And Kaywoodie's Drinkless Fitment in the stem completes your enjoyment. This exclusive feature screens irritants, condenses tobacco tars, prevents clogging. That's why your Kaywoodie draws so easily. Treat yourself royally with a Kaywoodie. A regal gift, too.

*Send 25 cents for illustrated color Catalog **25** showing Kaywoodie styles, $3.50 to $100; gift sets $7 to $125.*

KAYWOODIE
BRIAR

Kaywoodie Pipes, Inc., New York 22
World's Finest Pipes Since 1851

Interview—with LOUIS ARMSTRONG

World-Famous Jazz Trumpeter

"THEY CROSS IRON CURTAIN TO HEAR AMERICAN JAZZ"

The music of an American Negro jazz player is outdrawing opera, smashing box-office records all over Europe. Fans slip out from behind the Iron Curtain just to hear it.

When Louis Daniel (Satchmo) Armstrong played in Hamburg, German fans howling for encores wrecked a theater, had to be driven out with fire hoses. From Sweden to Spain, the Armstrong music is America's voice for many.

To seek the meaning of this phenomenal overseas interest in jazz, two members of the Board of Editors of *U. S. News & World Report* interviewed Satchmo. The American musician and his wife, Lucille, received them at 2 a.m. in a Paris hotel room after a smash-hit concert for French fans.

For two hours the trumpeter, in pajamas and dressing gown, talked of American music abroad. The recorded interview follows.

At PARIS

Q Is jazz really taking over in Europe, Louis?

A Well, it always has. It came over here right after the first war, and a lot of soldiers came over in the first war and some was musicians and stayed here—Sidney Bechet and Eddie South, Combo Eddie—violinists, musicians were all comin' over and they always appreciated good jazz in these countries.

They was attractions over here earlier'n that, why even before my time, you know, but, as generations went along, well, the music got better. You take some of the old times, the early days, they couldn't even play "Go Back, You Sassy Man."

Q What's that?

A You know: "Go back, go back, you sassy man"—that's just a phrase we used when a cat couldn't play nothin'. It was early music and that was great. That style stayed here forever right in this country.

Q Has jazz made a lot of friends for the United States?

A I think so. American music when it came over here was highly appreciated, yeah, highly appreciated.

Q Is it getting more popular now?

A It'll never depreciate over here, and I'd say its gettin' more popular and it's doin' a lot for the musicians over here, too. Nowadays you can find some good musicians over here—I proved that when I came over here just with my trumpet.

I had so many foreigners in my band one time that we was rehearsin' one day, gettin' ready to go on for later, you know, and the band was gettin' set and soundin' good, and I hollered, you know, like we do in America: "SWING CAT!" And about four of 'em jumped right off the stand. I had to quit and holler at 'em "Come on back, yo' lifers, git back on here." So I had to get one of their comrades, you know, to tell 'em in their language, "Come on back here, man. You got to get used to that, you know, it's good for the public—yeah, swing it there."

Q Is there any difference between jazz as it's liked in Europe and jazz as it's liked in America?

A It's the same all over the world. I always say a note's a note in any language, if you hit it on the nose—if you hit it. But, they appreciate the technical part of your music, every bit of it—everybody's been so classical-minded all over Europe.

Back in Milan, Italy, we was playin' up at the Odeon—that's a concert hall about two blocks from La Scala, the opera house—and after my concert I had to get in the cab and go over to La Scala and get pictures taken standin' beside all these great men like Verdi and Wagner and—their statues, you know—and right between 'em—that's what the Italians requested.

They say good jazz and that classical music is all the same because you play them both with art, you express yourself. And that's what they always appreciate about jazz. All this new music never did faze 'em. Well, they'd accept it, but it never did take their mind off good jazz.

Q What kind of people do you get in your audience here? Old people, young people, people to whom jazz is new?

A All kinds. Now the president of the Hot Club in Basel, Switzerland, is a old fellow, right old gentleman, and he's right on the ball. He's president of the Hot Club, and every one of them got all my jazz records—old fellow, he's a professor at the university.

And then there's this fellow who gave me that there scroll in Copenhagen, back in '32—he's professor of music

Copyright 1955, By U. S. News Pub. Corp.

Kings, Professors, Communists—All "Cats" . . . "Hot Clubs" In Soviet? "There's Got to Be" . . . Music Is "Universal"

in the college. This here scroll made me a member, a member of the college of music and everything—I got my cap and that sort of hood. Now, when we was in this college in Toulouse, the university there, what they gave me was a pacifier—one of them baby pacifiers.

Q Did they like your music there?

A Yeah. I went down to the university like they asked me, and I made a little speech. I said, "I think French is the most beautiful of all languages," and that killed 'em, man.

Q Do you speak French at all, Louis?

A A little bit, enough to get what I want. When I'd get to little towns I used to say, uh: "Madame, Messieurs, maintenant we're gonna play 'Them There Eyes' "—because they got the record, you don't need to say that in French. But I don't need to do that now; there's so many Frenchmen speakin' English.

Q Pick up any Scandinavian?

A "Skol," I learned, yeah. When I first got there it just looked like water to me, and I got to be the skolinest cat you ever seen. And in Germany what is it they say—"Prosit." Yeah. But it wasn't necessary to talk like that. Now, them boys that slipped over the Iron Curtain to take in the concert—

Q You had some coming over from the Iron Curtain?

A I didn't have them. They did it. In the Hot Club in Berlin these boys were there, and one of them said, "We slipped over the Iron Curtain to hear our Louis," and they said "We don't know how we gonna get back." And I never heard of 'em since, but that's what they did.

Q Did you see these people, talk to them?

A Yeah, they came back to me and talked, that's how I knew they was there.

Q They knew your music over there?

A Sure, that's why they come—come over to hear me. If you don't believe it, lemme play in Russia and you'll have so many people goin' you'd think they was goin' to a football game.

Q One of our ambassadors, in Czechoslovakia, behind the Iron Curtain, said they all knew American jazz behind the Curtain and your music was there—

A Sure, they all got the records and everything.

Q So jazz is international?

A Yeah, universal. All over the world. Japan—how many people would think the Japanese would dig our music the way they did? Why, all the trumpet players in Japan gave a dinner for me. Took my shoes off, you know, and sit down at this funny table and have a big meal—nothin' but the trumpets.

Then there was that little bunch of teen-agers in Rome with that band called the New Orleans Roman Jazz Band. Trumpet player's mother was a countess—big woman—and

(Continued on next page)

Louis Daniel (Satchmo) Armstrong got his first horn when he played in the band of a New Orleans orphanage. Now, at 55, critics rate him among the greatest of all musicians of jazz, as a trumpet player, a composer and a singer.

Europeans have another nickname for Louis Armstrong. They call him "Pop." To most European jazz fans, who make Pop's records best sellers overseas, he is the top interpreter of American jazz, a man familiar to them after five European tours.

. . . "I'll bet Princess Margaret got nearly all my records"

she got a special place built for her son in the band, you know, played real loud and all, and in fact we went out one night with them to her home—you shoulda seen that home.

There's a big table there, and we all sit at it and jam, you know, with these kids, and they're just like the tail-gate crowd in New Orleans. The tail gate is that crowd I used to play with standin' on corners advertisin' things in New Orleans—playin' to bring the people, you know.

Q Is it the same all over with jazz—no frontiers, no Iron Curtain?

A That's right. Well, in Rome we was out at this beautiful home with them Italian diplomats an' all, and they're so proud. And I just happened to lift up my head and trumpet at the ceilin', and there was all the wonderful paintings you could think of—you know, Mark Antony and Cleopatra and all them cats was up there, you know. Gee, they was lookin' right down at me—I don't know whether they was glad or sad, but, man, we sure played.

I'll show you how great jazz music is. The time we played the Nice Music Festival, Rex Stewart had a band on the program, and they went travelin' after the thing was over, and the train must've stopped for about 25 minutes, and the trombone player walks outside and lifts his head up to get a little lip on his horn, and nobody in the town speaks English and he gets left.

Well, he near blew his top, and a good thing he had his trombone with him. He say, "Well, somebody goin' speak to me today!" He go right down to this little town square and start blowin' this trombone real hot, and a crowd come around, and soon out from among 'em come this fellow from the local Hot Club and say, "Man, I speak English." And you know what they did? They put him on a train and he caught up with Rex Stewart and everything.

Q What is this Hot Club? Is there a Hot Club in every town in France?

A Yes, sir; everywhere in Europe, most every town has a Hot Club. I'm honorary president of most of 'em.

Q Is there a sort of international headquarters or management?

A No, every club has its own, but they recognize each other. You're a member of a Hot Club, well, you can walk up to a bunch of cats anywhere and start somethin' and you're welcome.

WHO LIKES JAZZ—

Q Are there Hot Clubs behind the Iron Curtain?

A There's got to be. Those are disciples. Those are my disciples. Guns and nothin' else couldn't keep them boys from comin' over to hear hot. They come from everywhere.

Lots of them come from all over, but not all of them come up and speak. They don't want no trouble. They might just sit there and say nothin' so people don't notice them. They happened to be friends to Hans Blutner, this German boy, a big German cat, so he brought them up to talk. My birthday, Fourth of July, I get from all over the world these cards with "Happy Birthday"—you oughta see my house. I tell Lucille that someday I'm gonna read them letters.

Q What kind of jazz do they go for—just the same as in the States?

A Yeah, good music. Long's it's good, doesn't matter.

Q What about the critics, do they write seriously about your music, just as they do about Bach or Beethoven?

A Yes, oh, yes. This Hannen Swaffer in England, great drama critic, he never gave nobody a whole full page. This was back in '32, and it's like that all over.

Q Ever play for the King?

A Yeah, but the biggest laugh about me and the King was when I was playin' that tune for him in 1932, "I'll Be Glad When You're Dead, You Rascal, You." I hollered, "This one's for you, Rex"—that's what I called him, "Rex."

Q Was he a cat?

A He's got to be or I wouldn' called him "Rex." You see, when you're a cat you appreciate your name, your nickname like that.

So they come in my dressin' room one day, some of them, with a horn, gold-plated horn, when I'm warmin' up. And they was wonderin' about them high notes, gettin' them out of a ordinary horn—they thought I had a little horn in the reg'lar one for the high notes, you know. Then they gonna trick me, you know. They say, "Try this horn." And I say I don't usually change horses, that's my phrase, no new horn in midstream.

—Gamma

SATCHMO IN FRANCE

"Most every town has a Hot Club"

They say: "Well, you try it and if you like it we give it to you." So I say, "Well, sure." And I put the mouthpiece on it and then try it. When you sum it up the mouthpiece in any horn is the main thing. And ever since then I played that horn for a long time, the horn Rex give me in England years ago.

Q This was George V?

A Yes, the old man. But the Prince of Wales—he was a jazz fan then—Edward VIII. He caught that show when Lucille was playin' in the Black Birds. They all love it.

I'll bet Princess Margaret got nearly all my records. She can tell you who played this and played that. Real cats can tell you who played what from way back. They come down

. . . "In Copenhagen they gave me a trumpet made of flowers"

and tell you this and that and how it oughta be played, and you say "Well, what do you play?" and they say "I don't play nothin', I'm just a jazz fan." They know more about when I played what, them cats, than I do.

Q How do you define a "cat"? Is a cat a player or a listener or both?

A You can be both together, as long as we're thinking the same—you know, that don't make no difference.

Q What kind of cats have you found in Europe?

A Well, the only kind I go around is the right ones. I don't jus' go anywhere to be goin'—

Q A cat is really democracy?

A Right—he's everything, in my book.

Q Does he get along with everybody?

A Everybody! I mean, he don't want to do nothin' but think the best things. People don't realize that.

Q Is he interested in good music?

A Good music and helpin' the other fellow—you know, the gentleman at all times. When a woman come in, they all stand up, just like anybody else, you know, one of those things—due respect.

—Wide World

. . . IN SWITZERLAND

"I play music—you call it what you want"

Q Is it true that the President of France gave you a Sevres vase?

A Oh, don't talk about that vase. When they come from the President with that vase I was upstairs with some cats talkin', you know, with some fellow from England writin' a piece for the *Downbeat,* and they come in and holler, "They is down there with that vase. Come on." And down we go and they han' me this vase that cost a thousan' dollars or somethin' like that—no, it was $5,000.

Well, when I see this vase I say nobody gonna carry that for me—I'm gonna carry that myself.

So I manage to get it to New York, and I meet my wife Lucille there, and first thing I say is, "Here, you take this." And it was wrapped in a towel and she thinks it's a bottle or somethin' and like to drop it. Well, she didn't and got it home in a special round black case, and you can see it there.

Say, they only give out about 50 of them vases in the las' 500 years to people who really done somethin', like Madame Curie and Toscanini, but I'm the first jazz musician that got one, they tell me.

Q So you met crowned heads and just ordinary people—

A Everybody, everybody. They all come up when they're cats. Like you might come up here when I'm practicin' and say, "You want me to throw these people outta here?" And I say, "No, not as long as they don't touch this horn." As long as they don't touch the trumpet, it's all right. I warm up and they don't bother me.

Q In Europe you have crowds meeting you at railway stations and airports—does that happen in America?

A No, not to that extent. These people here, you know, they have your records for years and an enthusiasm, and they know you're comin' and you get a crowd around. But then you can put your sign up on the theater in the afternoon and night and you get your crowd there. Back home you're around, and there's no wonder.

Eine Klasse für
heute

—Wide World

. . . IN GERMANY

"A note's a note in any language"

But over here we had to stop it because the crowds were a little too much and a little too rough. First time I was in Copenhagen they had so many people there and cheerin' when I was leavin' the station, and they gave me a trumpet made of flowers, and they all made a rush to shake hands, and I had to holler "Turn me loose!" And so they grabbed at the flowers for souvenirs, and when the flowers was all gone, boy, I made a beeline for that train! This was in 1932, and its like that every time I ride.

Q What happened in Australia?

A I told Lucille, I said, "It looks—must be somebody

(Continued on next page)

. . . Would Molotov like jazz? "Maybe—"

else comin' off this plane." I never saw so many people in all my life—babies and everybody.

Q Thousands of people?

A Yeah. When we was coming in to Sydney we couldn't see the field, all we could see was heads—the whole airfield was covered. Melbourne was the same way.

Q When did you go down there?

A Last year—October 25, we opened.

Q How did things go when you played in Berlin?

A Oh, fine, fine. There was these Berlin cats that wanted me to go and blow my trumpet at that there Russian soldier guardin' some Russian Red Army statue—you know, inside West Berlin—but I wouldn't. I could see this might be somethin' important to Russians and they might get the wrong idea. All I know is the horn, not politics and things like that. And I don't think they had anything wrong in mind. But the Russians might have taken it wrong.

"SOUL" IN SMALL ORCHESTRA—

Q Why do you prefer the six-piece to a big orchestra?

A I don't prefer it—the public does. They feel with a small combination they will get every individual's soul better than 15 men sitting up there playing what one guy wrote. Probably he didn't know nothin' about music—he just studied it at college from a score, and you're playing what he thinks. But six men, they play what comes out of each of them, personally.

Q When did you decide to shift from a big orchestra to a small combo?

A In 1947. And my manager had been years talking about it. I said, "Whenever you get ready." I didn't say, "No," because when he says, "This is it," I just scoot like a rabbit in a brier patch. That's what started it. He was scared to death that I couldn't do it from a big band.

Q Louis, in your experience, when people don't know a thing about good jazz and hear it for the first time when they're grown up, does it suddenly hit them? Do they suddenly get to like it? Or is it something you've got to grow up with?

A No, I don't have that kind of trouble—it's those musicians that play—"Yah, yah, yah—" all night, but we might play—

Q I don't mean playing, I mean appreciation—

A They've got to appreciate what we play. They come back and say, "What was that pretty thing you played?" And I'd say, "Which one?" And he'd say, "Not the first,—that was a killer, too—but the second number." That's jazz, anything you jazz—that's what I mean—and from the oldest on, there's always somethin' in the program for 'em.

Q Would a man like Molotov, the Soviet Foreign Minister, who's never heard any jazz, spark to it?

A Maybe, if he likes any good music. Now me and Robert Merrill, the opera singer, teamed up to a sell-out in Las Vegas. We did numbers together. I sing Pagliacci and he sing "Honeysuckle Rose." That's where the bebop come from. They had Basin Street and Metropolitan and that come out—bebop.

I'd say to Merrill, "You singin' all that hot stuff, man, what you need is a crew cut." And he'd say, "My public wouldn' like that." Then we'd go into this. He say, "What's your favorite record?" And I say, "Honeysuckle Rose." I say, "What's your favorite?" He says, "Pagliacci." I say, "How many did that sell?" He says, "Oh, about 300,000." And then he says, "How many did your record sell?" And I'd say, "Oh, about 3 million." Boy, they dug that!

When he heard that, he'd say, "I'm gonna get this crew cut." And I'd tell him: "You is talkin' to the Barber of Seville." It was all mixed up like that—it was wonderful. You wrap all good music up and it ain't nothin' but music.

Q If they came to you and said, "Louis, you can play one more tune," what would it be?

A I don't know. Any tune the cats liked would be good. They're all good, old or new. Like tonight I was expectin' to play "Royal Garden Blues," and out come "The Saints." They're all good, old or new.

Q You just led it off?

A Yeah. Well, the band gonna fall in. Just like a church—if the preacher's caught on, well, the congregation's sure gonna join right in there.

Q What do you play, Louis?

A I just play music.

Q Is it "Dixie"?

A Any kind. I play music—you call it what you want.

Q When everybody was swinging it, did you used to swing it, too?

A I swing it right now. But I don't try to prove nothing —no more than just bein' a musician and that's all. You keep your tone—and that's what the younger generation is forgettin' about, tonation. You take Bone Johnson, he just plays straight lead, and it can be a 100-piece band, you couldn't drown him out, because he had tone and that lead would stand out, with the tone among all those pieces.

PLAYING IT "COOL"—

Q What do they mean now when they say, "Play it cool, man, play it cool"?

A That's just when a cat's too lazy to hit a high note. The way I describe cool jazz, it's like the band we caught at Bop City one time. The cornet player that's playin' with Charlie Parker is standin' there with his eyes closed and everythin' he plays was in low register. That's the coolest I can think. But I mean in them brass bands—we played "Star-Spangled Banner" in brass-band key, and that was the prettiest thing you ever heard in your life.

We played in Washington, D. C., on that boat, you know, that Watergate concert, by Abraham Lincoln's place, and we were the last band and it was 1 o'clock at night, and I'd have the cab driver come for us. And he must have been five miles away, and it was quiet and he could hear that "Star-Spangled Banner." He said it was the most prettiest thing!

Durin' the second war we played it every night after that concert. You take a lotta soldiers, they're drafted and in uniform and around, and this stops them right in their tracks to listen to this "Star-Spangled Banner." And there's some cats back at a soft-drink stand loadin' up empty bottles into crates, and they come in: "Bumpitty-bump, bumpitty-bump, bumpitty-bump," with that hot beat like a part of the music, and, boy, it was real gone, real hot!

Q Does it pay financially to come to Europe?

A Well, we make out, but we don't think about money.

Q Do you get any help from the Government, from the State Department or anybody?

A No sir, not a penny. They're talking about that.

. . . "This combo would do a lot of good in Russia"

Q Do you think it's a good idea for the State Department to contribute to something like that?

A It's the first thing I said when I read that Jesse Owens [American Negro track star] is going all over Europe. We oughta do the same thing. Someone asked me about the Russians, suggested that our band should do the same thing that Jesse Owens is doing. Just think, if they sent this combo around to a big stadium where thousands of people could hear it—I think it would do a lot of good. But who am I to suggest things like that?

"BUSY? NO DAYS OFF"—

Q You're keeping busy over here, aren't you?

A Busy? Average of 21 concerts a week. Two or three a day with no days off. Travelin' when I'm not playin' or sleepin'.

Q How long is it since you've had a vacation?

A Well, I don't know. We used to have them in the early days. But I find vacations don't move me. When you're on vacation you run into a lot of people doin' a lot of things that you're not interested in. But when you go to church you gotta either sing or listen to the preacher, and I don't want to do what people do on vacations.

Q Are you a religious man?

A Yeah. I'm a Baptist and a good friend of the Pope's and I always wear a Jewish star a friend gave me for luck.

Q Have you ever met the Pope?

A Yes.

Q When was that?

A In 1949. Lucille had to wear a veil and everything. We stood there talkin'—he's a pleasant fellow. He said, "I'm happy the people enjoy your music," and he talk and I talk. And he blessed you and prayed for you. He speaks all kind of languages—spoke English, too.

Q Tell us about that riot in Hamburg—what really happened there?

A Nothing happened there. People just wanted us to play on some more. We played an encore. I took a bow with my shirt off, but they still wouldn't go. Nobody was hurt.

I was supposed to play two concerts that night, but they broke up the chairs—they got tired of applaudin' with their hands and started applaudin' with the chairs. And they still wouldn't go—the police tried to get them out to clear the hall for the next concert. But they refused to go. Then the police turned the fire hose on them. The hall was a mess.

The same thing happened in Roubaix, France. And in Lyons, too. They started throwin' things at the local band when they came back to take over. So the next night the owner put the brass band up in the balcony so they couldn't get hit. But people didn't do anything to us. We played for three hours in Lyons and the people clapped from 1 to 1:30 in the morning.

But people don't want to do anything to us—I never gave it a thought. The only time they frightened me was the night we played Düsseldorf. Backstage, after the last concert, everybody had gone but the singer and myself and this old man backstage. So he was going to put the light out when we leave, and we said goodnight, and the minute he shut the door 30 German cats came up shoutin', *"Autogramm—Autogramm."* I didn't know where they all come from—scared me to death.

In Zurich, too. We were going home in a cab, one of those little cars, and one boy was trying to get an autograph, he opened the door and I like to fall out. He said, "Please, please don't refuse me." I said, "Stop this car and give that man an Autogramm—he'll get killed." They call it "Autogramm—Autogramm, please."

Q What songs get the best reception in Europe?

A Well, take a tune like "Twelfth Street Rag." Everybody seems to have a good time—they jive—it makes them feel at home. People seem to be more at home—but they did like everything we played. We went nine and a half minutes on "Twelfth Street Rag" in Germany one time. And "The Saints"—I could play that all day.

Q "The Saints"?

A "When the Saints Go Marchin' In." The audience all relaxes, the same as the smallest town in America. We go places where the big bands came—like for instance, they told me one time, we were playing a concert in a little bit of a town and the people were having a ball, and they said, "Now don't kill yourself in this little old town. You've got to open up soon on a Blue Note." I said, "What difference does it make? These people are human beings, just like the Blue Note. What difference does it make?" We say "a Blue Note" for a big-city engagement. They say, "This little old town doesn't mean nothin'. You don't appreciate it like you would Chicago." I say: "What difference—you've still got to play." I play the same. Bill Robinson used to say, "The show got to be good and the show must go on—if they ain't but four people out there you give them the same show like you had 4,000." I thought a lot of that.

EUROPEANS "STUDY" JAZZ—

Q Are your audiences here more serious than they are in the U. S.?

A Yes, they are. I heard about two girls who came backstage for my autograph just tonight. One was an American girl in school here and the other was a German girl who heard me play in Mannheim. Somebody asked them about the audience out front—was it like an audience in the States? This American girl said, "No, they're different. These people take jazz very seriously."

That's true, they don't bounce around like the bobby-soxers. They listen to jazz the way they listen to classical music. They make a study of it.

In Turin, Italy, there was some little stinker in the audience, away up in the balcony—not knowin' these Italian fans came there to hear. We were playin' "Sleepy Time," and he made a little airplane out of a piece of paper, and scooted it out, and he must have been awfully good because it circled around and landed right on the stage. And about 15 Italians grabbed him. I didn't know who he was, but they grabbed him and said, "One more time and we'll kill you."

Q Is that because you're a famous artist?

A No, it's because I'm playin' something they want to hear.

Q Is it better for the artist in Europe, where they listen instead of participating, clapping, and so on?

A What good is it playin' if they're making a lot of noise? Take a big band that's full of jive, they want that. Like years ago, they didn't care what kind of band was playin', people were making a lot of noise anyhow. But nowadays the

(Continued on next page)

. . . "There are just more jazz fans than there are opera fans"

minute they come to a dance they go right up to the bandstand and stand there. You give a concert anyway. That's the way they do now. They get chairs, sit down and listen. Years ago it didn't matter.

Q What about these American jazz players over here? Louis? How would they do back home? How would they rate?

A Mighty few would get along back in the States, mighty few. They get careless about their instruments, sloppy. Half of them don't practice, 'cept on the cats. An' cats might like that, but the audience don't. I'd like to see a man come home that's still serious about his instruments.

Then some get sloppy about their dates and contracts and all that, and a man can't get along that way back home. He can't just slam away when he feels like it—we got a union and it's strict in America.

Now, look at this: Just me and Lucille, just the two of us, with a trust fund paid up, and all that. Well, I love the horn, and that's what I say, I don't worry about the money—how much we're gonna get. But I know my income tax is paid up—the less worry, and the most relaxed musician in the world.

Q Is that why you're healthy?

A That's why. You take the average musician. They're so busy worryin' about the big money and watchin' the box office—'cause they're gettin' percentage, and blah, blah, blah. They're the ones that these people come to hear—and they can't give these people a good show worryin' about how much money they're gonna get. So that's what makes the crowd depreciate. See what I mean?

Well, I don't have to worry about nothin' but the band and myself, and keepin' myself straight.

Q You play for the pleasure of it?

A The pleasure and the people—and the enjoyment myself. I never know how much we get to come over here—all I know I have what I want.

It's happiness to me to see people happy.

Q Do you have to pay income tax on what you make in Europe?

A I don't know. Lucille could tell you about it. She and Joe Glaser, the man who books me. All I know, my income tax is paid. And that's the worry that I want to git off my mind. Things like that keeps me comfortable.

3 MILLION RECORDS—

Q Why do people buy jazz—3 million of your records of one song and only 300,000 of an opera? What is it that jazz has?

A Well, there's just more jazz fans now than there are opera fans. Take the younger generation—they only had so much chance to listen to the real opera like their mothers and fathers. See what I mean?

Like I had an album of Johann Strauss. I got the back of this album, and I'm readin' the life of Johann Strauss. Oh, I'm wailin'. His mother was the daughter of a innkeeper, and he turned out to be such a great musician, so popular, till he had to give the band over to his brother, and he played some big city in Russia, and it was all big words, you know. And I said, "Do you know what this means?" People say, "No." I say, "I don't either."

Anyway, I read it all. And put this record on—and I can see the olden days, everybody waltzin'. And, right now, so can the old-timers, when they play somethin' like that.

Well, the kids enjoy that to a certain extent. But they'll really jump into some croonin' number—or Bing or Sinatra, or somethin' like that. It's lively. Short words. They understan' it.

Q Well, what is jazz?

A I wouldn't say I know what jazz is, because I don't look at it from that angle. I look at it from music—we never did worry about what it was in New Orleans, we just always tried to play good. And the public named it. It was ragtime, Dixieland, gut-bucket, jazz, swing—and it ain't nothin' but the same music.

"NATURAL MUSIC"—

Q Did jazz originate in New Orleans?

A All up and down the Mississippi—and old blues, and things like that. But it was the sound at all times. Natural music, shore. It's the same thing. You can't write it—you just feel it. Now with "The Saints"—"Saints Go Marchin' In"—it's a hymn, and it comes from the brass bands playin'.

Q What's the first time you played "When the Saints Go Marchin' In"?

A Well, I mean I heard it when I was in the cradle. I made a record of that over 20 years ago. They even banned it for a while on the air, because it was a hymn—

Q What happens when you write a song yourself? Do you write it on paper, or do you write it with the horn?

A You write it on paper, so the publisher can give you a little taste, too, you know. Always like that downbeat, you know. Jive money in the hand. Yeah!

Q Yes, but you do it with your horn first?

A You got it in your head, but if you make it on a record and take it to the publisher, he's gotta have it on paper. See?

Q You write it down on paper yourself?

A Oh, you gotta put in on paper, else you lose it. You remember my tune, "Someday"? We was in North Dakota or South Dakota, or somewhere. It was cold and this thing kept runnin' 'cross my mind, like dreamin' a musical comedy. And this "Someday" was the theme of this show. So, we was asleep. Lucille was sound asleep.

But I got up in my pajamas and got me a piece of paper and pencil out. I say, "I'm gonna lose it if I don't write it down." And she wakes up and say, "Are you all right?" I say, "I'm all right." But the next day I had it, and we looked at it, and I made four records of it, and everybody liked the tune. But if a tune come to you and you don't put it down right away on paper, you can't keep it in your head.

Q How many songs have you written?

A Well, I'm a member of ASCAP [American Society of Composers, Authors and Publishers] and that means a whole lot o' songs. "Someday." "Pretty Little Missy." "Struttin' With Some Barbecue." "Swing That Music." "If We Never Meet Again." Oh, and way back in New Orleans, a lot of the old Dixieland things.

Q Fifty songs?

A Easy, yeah. I wrote lots nobody knows I wrote.

Q Do you have what is called absolute pitch?

A Well, yeah. That come from the ear, from singin'.

Q If somebody hits a note on the piano you can call it?

A Well, I can hit it on my horn, you know. You take a lot o' cats can sit down and do that absolute pitch all day—they can't play nothin'.

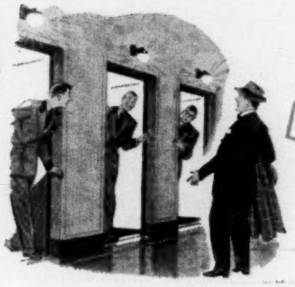
(Continued on page 62)

directional arrows

for
VERTICAL TRANSPORTATION

- PASSENGER ELEVATORS
- ESCALATORS
- FREIGHT ELEVATORS
- CARS AND ENTRANCES
- DUMBWAITERS
- MODERNIZATION
- MAINTENANCE

Otis

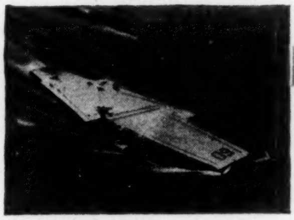


this is called "bunching"

It illustrates faulty elevator service. Three cars should never be "bunched" at an upper or lower terminal floor. Two of these cars should be serving passengers on other floors and speeding service. Otis Autotronic® elevators are the only automatically supervised elevators that prevent service delaying "bunching." It is prevented by an exclusive Autotronic feature: AUTOMATIC CAR BALANCE which coordinates the dispatching of cars from upper and lower terminals to keep the cars in correct directional balance. When UP traffic demand is the same as DOWN traffic demand, an equal number of cars are maintained in the UP and DOWN directions. Likewise, more cars are maintained in the UP or DOWN direction during heavier UP or DOWN traffic periods.

world's largest elevator modernization

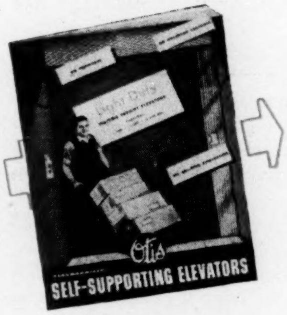
31 Otis ***attendant operated*** passenger elevators in the Home Office Building of the NEW YORK LIFE INSURANCE COMPANY in New York City are being modernized to completely automatic ***without attendant*** AUTOTRONIC elevators. An exclusive feature of this record breaking contract is the Otis Electronic Elevator Door—the only door that protects passengers from both hoistway and elevator car doors ***for the greatest degree of safety!***



seagoing elevators for aircraft carriers

In December, 1952, the keel was laid for a new ***SARATOGA***—a flush deck attack aircraft carrier 1,040 feet in length, with an extreme width of 252 feet. She will be completed late in 1955.

The ***U.S.S. SARATOGA*** will be the most powerful vessel ever constructed in the world. It is entirely fitting that the new ***SARATOGA,*** like her original namesake, will be equipped with Otis elevators for the handling of her aircraft.



FREE BOOKLET: for light duty freight

Booklet B-720 shows how you can provide electric power freight handling at relatively low cost. Otis Self-Supporting Elevators have been designed specifically for hoisting light freight between 2 or 3 floors. They are made in 3 standard sizes with lifting capacities of 1,500, 2,000 or 2,500 lbs. and are suitable for all rises up to 35'-0". Otis light duty elevators are self-supporting. They save the cost of a penthouse, overhead supports and special building reinforcing. They can be installed in any store, laundry, hospital, storage building, or manufacturing plant quickly and inexpensively—as described in Booklet B-720.

25 years of "NEW" elevator performance

"We attribute the fact that our Otis elevators are still running like new after 25 years to good management," says Carl E. Olin, Manager of the Palmolive Building in Chicago. "First, on our part in deciding upon and using Otis Maintenance since 1930. And second, by Otis where everyone from top management down thinks only in terms of peak performance. It's reflected in the 'Engineered Maintenance' plan that checks and replaces wearing parts to prevent shutdowns. You see it as you watch the factory-and-field trained Otis Maintenance men at work. They know what they're doing. And they're fully equipped to maintain the maker's high standards of performance and safety on our 13 Otis passenger elevators."

OTIS ELEVATOR COMPANY, 260 11th Ave., New York 1, N.Y.
OFFICES AND SERVICE IN 295 CITIES ACROSS THE U. S. AND CANADA

. . . No war "if it's left to people that's peaceful with music"

I just get up on the stand and blow the horn and play like a musician, and I never changed the idea that I'm a trumpet player. I mean, I keep the same mind. Like I tell you, I'll never leave that tail gate—don't care if I'm playin' with Miss Vandybilt or whoever it is.

I said somethin' to a friend one time—we was goin' somewhere, it was crowded, cats in the car. And I say, "It's funny thing, the people just now pickin' up on my music."

He say, "You mean the society people! The cats has always dug ya'. They're the ones that rigged up that 15 cents to catch your first show. But it's the society people just now pickin' up what you're puttin' down. Your kind of music was only played in certain clubs, and they was too proud to come and hear it. They would buy the records. But they wouldn't go to these bistros to hear it. Now they do." That's what he said.

So, now it's gettin' to the point where I see more society people. The first night in Germany, they come with these lorgnettes, you know. And before the concert is over, you'll see 'em applaudin'. Got right in the spirit.

Q You've been in Europe and all over—what is your favorite country?

A All of 'em—you can't say. I mean they're all the same. I don't have to worry about the language. It's always enough cats.

Q Where do you feel most at home over here?

A Anywhere—right here. I can live anywhere. Right here, or Sweden, or Germany—anywhere. 'Cause I do the same things that I do in America. Play, come home, or go to some cat's home, where I'm gonna be relaxed. I don't go nowhere where I can't be relaxed, 'cause I don't have much time, so why waste it?

Q What people do you find the most appreciative of your music?

A All of 'em. We went up to Finland, and there was a lot of Russian people there when we played the hotel. But it's the warmth, and the association. We all have certain crowds, and things like that. So that's all I go by. And the stage is the same—that "Sleepy Time" is the same, openin' up the show.

THE NICKNAME "SATCHMO"—

Q Where did you get "Satchmo"?

A "Satchmo" come from London. My name used to be "Satchel Mouth"—you know, like a valise. Just a nickname. But when I got off the train the first time in London, Percy Brooks, who was the *Melody Maker* editor, say "Hello, Satchmo." I'll never forget Charlie Johnson, my trumpet player in my band at the time. When he got there I say, "Why did he call me Satchmo like that?" And he say "Because he thought you had more mouth."

Q Your real name is Louis Daniel Armstrong—

A But I use Satchmo instead of Daniel. It's like Garbo. They took Greta off of Garbo—more familiar, easy.

Like, one time we was goin' home from England. And Paddy, the little English trumpet player in the band, was with me. I told him I was goin' around in Harlem—where all the cats was goin' to climb the gate—they knew I was comin' in. When we got there, in the back of the cabaret-like —everybody come in and say, "Whatcha say, Satchmo!'

And this little white kid, this little English boy—and it grow on him so, all these nicknames comin' up—he say, "What's my monicker?" And one cat looked at him and say, "Majestic Face." He was so happy. He had to have a nickname. You know how you kill a cat.

Q Does jazz change every year—is it different next year from this year?

A No—the tunes might change. You might put a different lick, or somethin' like that. But you can play tunes straight, and they still swing. It ain't the modern, else they wouldn't compare jazz with classics in Italy like that. It's the idea that you tell a story.

Like a cat told me the other night: He liked the part of that bebop thing. I liked that, too. And I feel just as operatic, just as if I was in a symphony orchestra—every note was numbered straightly, but you could put a million notes up in there and it wouldn't sound any better. There's just some things that you don't have to even jazz—they still swing.

Like "Dear Old Southland." Like operatic things. But it's swing. See, some people get the wrong idea about that music, and they carry it way too far. Some of 'em don't want to hear nothin' but some kind of stuff like that. But I turn on my radio, and I don't care what they're playin', whether it's hillbilly or what, as long as it's music.

CHOOSING A PROGRAM—

Q Do you play certain pieces for certain audiences?

A No, you play the same.

Q You choose your music?

A That's what they come there for—they come there for what you got to display. If they're gonna dictate what you play, they don't need us. Well, some leaders go around, want to find out what the people like. That's what makes the mistake.

If I go in the dressin' room of Duke Ellington or Count Basie, I come to see them. I don't ask them what numbers they play. I don't care what they're playin'. I come in to say hello, and that's that. I don't go much.

Very few people can stand people around backstage like I can. But they don't bother me.

Q Now, you've known thousands of musicians. What do you think is the one thing that you have that is the most important, that has made you a famous musician?

A Well, determination, and the love of my heart that nobody could persuade me to do otherwise. I have heard some say, "Oh, I don't feel like playin' tonight." I just don't even listen. I don't talk to him.

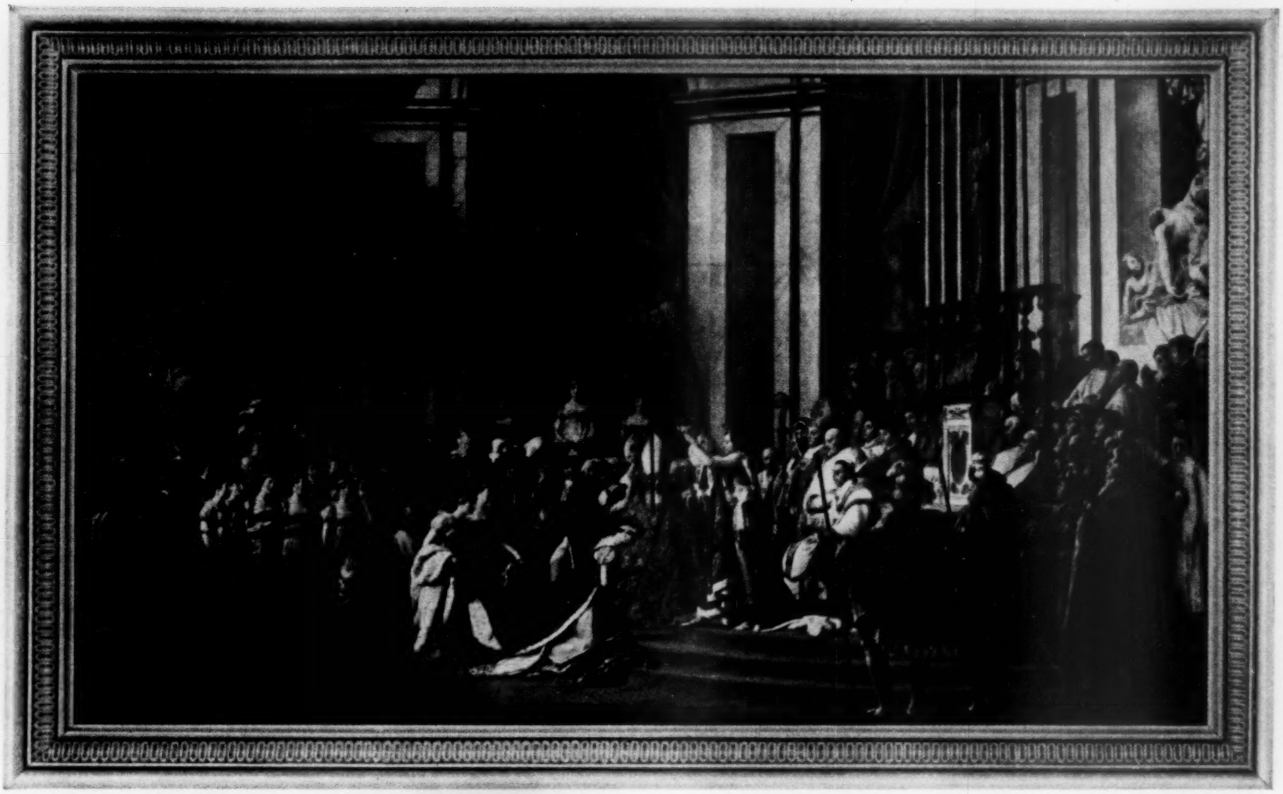
Q Louis, do you think that hot jazz will end the "cold war?"

A Well, not knowin' about politics—but I know that hot jazz can do a whole lot for a lot of fans that don't care so much for that. If it's left to people that's peaceful with music, there wouldn't be no wars. Wouldn't be none. It comes from people that probably don't care so much about jazz, but, I mean, music has done a whole lot for friendships, and everything.

Q Do you think the atomic bomb has made people go to music more than they did before?

A Well, I don't dive into politics.

Like in Geneva—that guy with the mike, you know. He would rush you with it. "Well, what do you think of the Big Four Conference?" I say, "Well, I jus' hope that combo has a good time and straightens out that jive."



PARIS—Musée National du Louvre. SACRE DE NAPOLEON I (J. Louis David)

84
PROOF
COURVOISIER
V.S.O.P
COURVOISIER
"The Brandy of Napoleon"
COGNAC
FINE CHAMPAGNE
COURVOISIER
COGNAC

* The Brandy of NAPOLEON

COURVOISIER

COGNAC

Napoleon chose Courvoisier—and down through history Courvoisier has been the choice of those who could command the finest. It is the traditionally correct cognac—unchanging in quality—matchless in flavour and aroma. Illustrated is Courvoisier V.S.O.P. Brand Cognac Fine Champagne in the distinguished Josephine bottle. Also available in all liquor stores—in the familiar tall bottle—is the popular Courvoisier THREE STAR, the recognized standard of quality. Imported by W. A. TAYLOR & COMPANY, New York, N. Y. Sole Distributors for the U. S. A.

**Courvoisier Cognac—and Courvoisier only—bears this registered phrase on every bottle. Reg. U. S. Pat. Off.*

Special offer in French crystalware—Four Courvoisier cognac snifter glasses about 3½ inches tall, with Napoleonic emblem in permanent gold design. Shipped to you from France. Send $1 cash or check *payable to T.V.* P. O. Box 1205, Grand Central Station, New York 17, N. Y., **Dept.** U-15. Pay Postman 15¢ U. S. Postal Examination Charge on arrival.

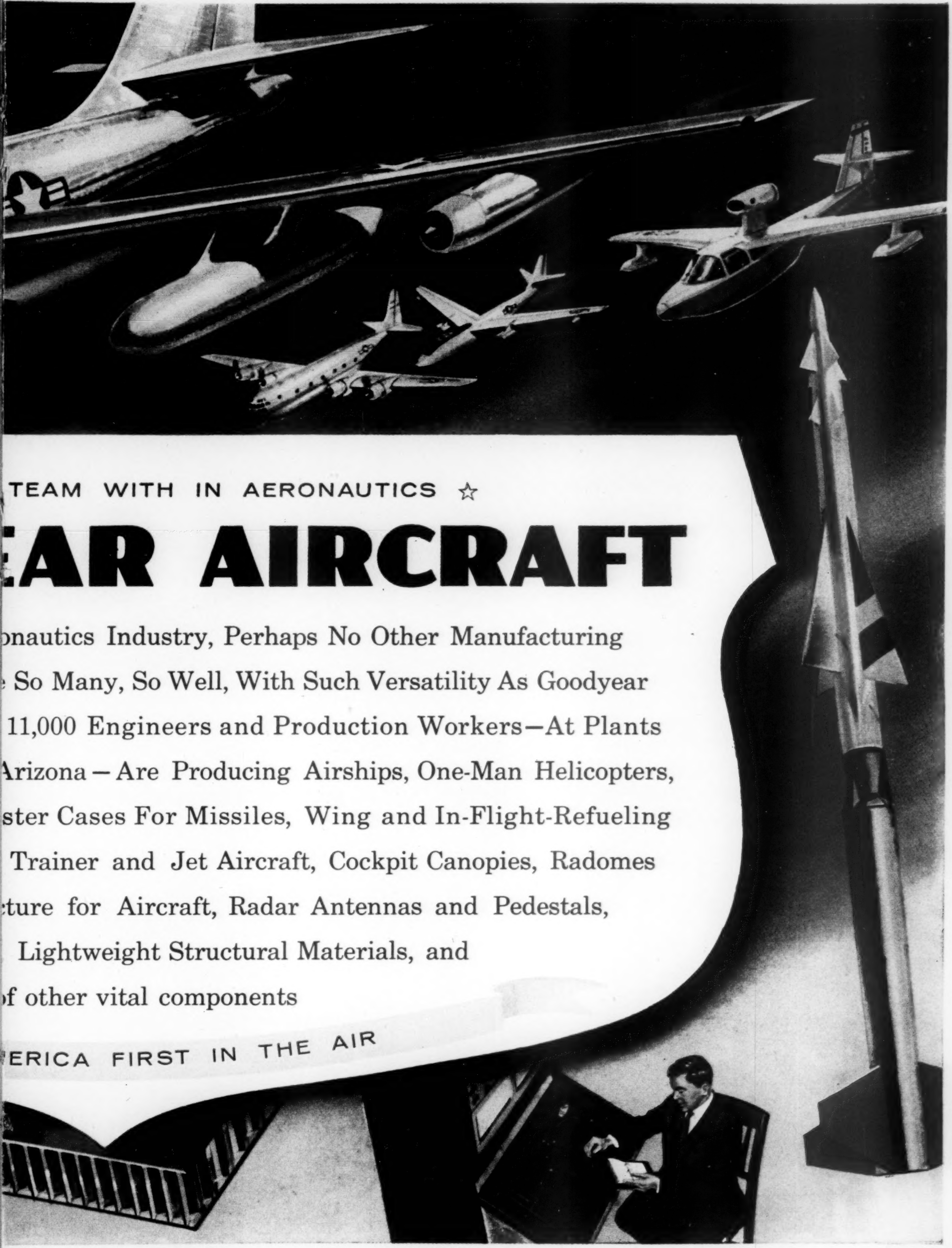
U.S.NAVY
UNITED STATES AIR FORCE

☆ THE TEAM TO

GOOD YE

As A Teammate Of America's Aer
Organization Is Called Upon To Serve
Aircraft Corporation. Its More Than
in Akron, Ohio, and Litchfield Park,
Guidance System Elements and Boo
Tanks, Wings and Empennages for
and Reinforced Glass Fiber Struc
Electronic Computers,
a host c

TO KEEP AM

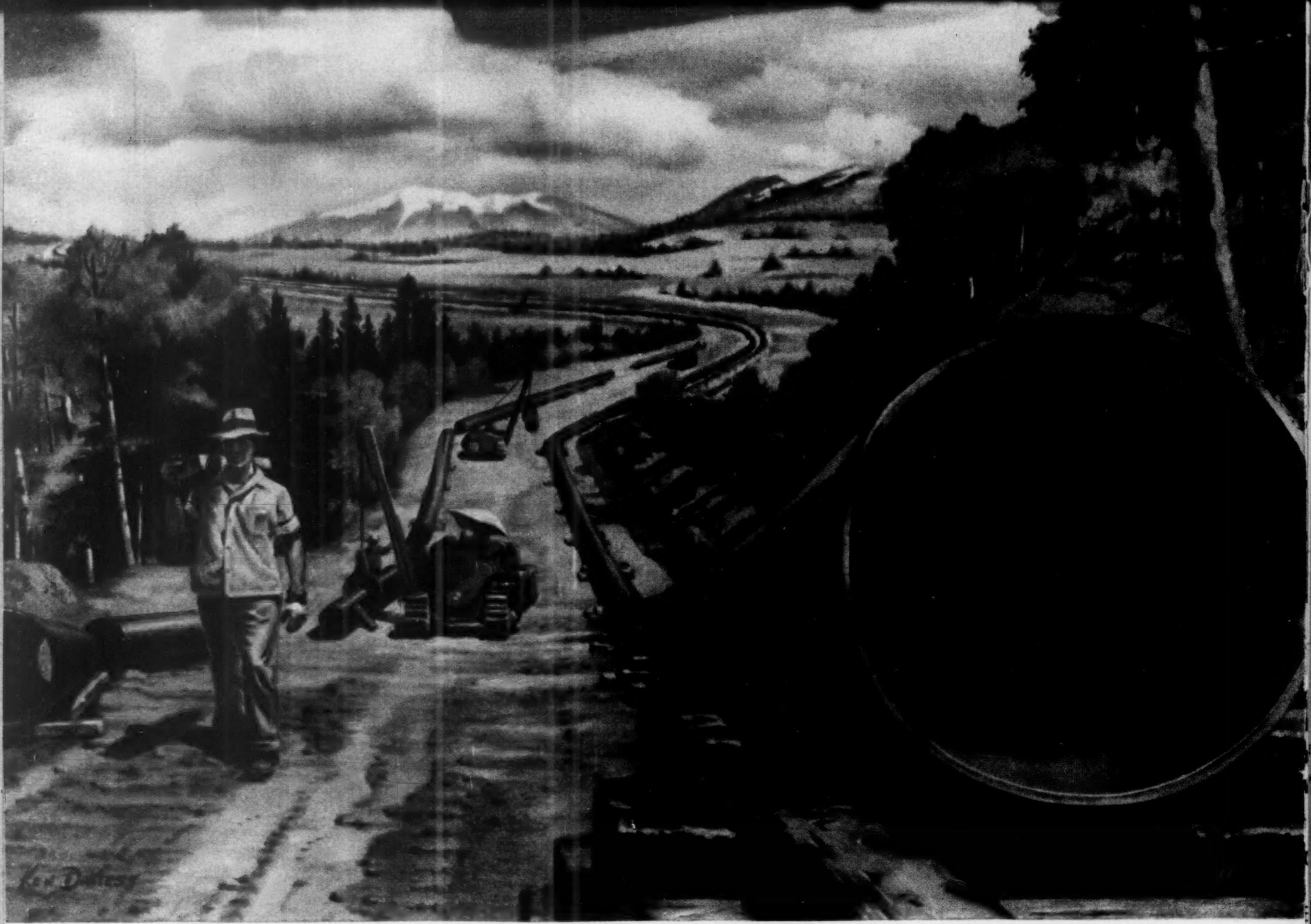


TEAM WITH IN AERONAUTICS ☆

EAR AIRCRAFT

onautics Industry, Perhaps No Other Manufacturing
So Many, So Well, With Such Versatility As Goodyear
11,000 Engineers and Production Workers—At Plants
Arizona — Are Producing Airships, One-Man Helicopters,
ster Cases For Missiles, Wing and In-Flight-Refueling
Trainer and Jet Aircraft, Cockpit Canopies, Radomes
ture for Aircraft, Radar Antennas and Pedestals,
Lightweight Structural Materials, and
of other vital components

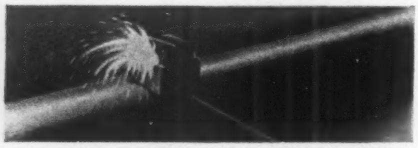
ERICA FIRST IN THE AIR



On transcontinental pipeline (above), Anaconda Type CP cable is welded (below) to the metal surface to help check corrosion by Cathodic Protection.

PROGRESS THROUGH ANACONDA METALS

Cable that helps make the pipeline a good neighbor



THE PROBLEM: To oil and gas companies, who always do their best to be friendly neighbors, one of the biggest problems is checking costly corrosion on their great transcontinental pipelines. The steel is eaten away, gases or liquids leak out, service is interrupted, substantial waste results. In addition, repair costs are great.

Although most people don't realize it, corrosion of buried metals is often caused by tiny stray electric currents that flow from the metal into the surrounding soil or water, carrying particles of the metal with them.

THE SOLUTION: One way to stop corrosion is to *reverse* the flow of current by applying direct current from an outside source, forcing it to flow from the surrounding material into the metal. This is called *cathodic protection*. Insulated electric cable is used to connect a source of power and a ground-bed system of special anodes to the metal at regular intervals along the entire pipeline.

But the cable presented a problem because it, too, has to withstand moisture, acids and alkalies in the soil. Here's where Anaconda engineers came up with the answer. From years of experience with all types of direct-burial cable, they knew that a conductor insulated with polyethylene plastic and jacketed overall with a vinyl plastic would resist these conditions.

By combining this knowledge with its metals and cable ability, Anaconda produced a special cathodic protection cable (Type CP) that lasts far longer on the job. Now pipelines can be protected from corrosion . . . are good neighbors wherever they're installed. And costly corrosion of gas mains, lead-covered cable, ships' hulls, water tanks and other metal structures is being checked.

THE FUTURE: From copper and aluminum wire and cable . . . to a full range of products in copper and its alloys for industry . . . Anaconda and its manufacturing companies — The American Brass Company, and Anaconda Wire & Cable Company—constantly seek new and better ways of doing things with the most extensive line of nonferrous metals and products in the world. The Man from Anaconda will be glad to help you with your problem. The Anaconda Company, 25 Broadway, N. Y. 4, N. Y.

55233

ANACONDA®

THE MAN ... Lyndon Johnson **THE NEWS ... What South's Up To**

A Southern Watchword For '56: "Moderate"

A Texas "moderate," Senator Johnson is busy behind the scenes now pulling together a major block of Democratic Convention votes, shaping a party program for Congress with "vote appeal" in '56.

—USN&WR Photo

SENATOR LYNDON B. JOHNSON, recuperating at his Texas ranch after a heart attack, is busy setting future courses for the Democratic Party in two important directions:

- As the Senate's Democratic Floor Leader, Mr. Johnson is perfecting a program of things to be done in the next session of Congress, a program that he hopes will be considered "moderate" in tone and one that will furnish a basis for the party's 1956 platform.
- At the same time, the Senator is trying to gather a big block of National Convention votes, from the South and elsewhere, a block sufficiently large to assure the nomination of a "moderate" candidate willing to run on the record made in Congress.

Meanwhile, the Senator's remote LBJ ranch on the Pedernales River in the mesquite country of central Texas has become a meeting place for leading party figures. Speaker Sam Rayburn, another Texan, who works closely with the Senator in all matters, has been there and keeps in constant touch.

Other visitors have included Adlai E. Stevenson and Senator Estes Kefauver, prominent contenders for the presidential nomination. Of course, the visitors protest that these were social calls only, with no politics involved. Nevertheless, Mr. Johnson's friends have learned that wherever the Texas Senator may be politics usually is bubbling.

In fact, if it had not been for the Senator's heart attack of early last July, friends think he now would be one of the leading contestants for the nomination. And, if President Eisenhower, at 65 and with a heart attack behind him, decides to become a candidate, Mr. Johnson's supporters will be asking why the Texan, at 47, cannot become a candidate, too.

In any event, Senator Johnson hopes to be Texas' "favorite son" at the Convention, in control of the delegation, but says he is in no sense a serious candidate. He does, however, have some serious business and serious purposes in hand.

Something for all. The Johnson legislative program is to contain something to appeal to almost every group.

It visualizes help for the farmer, tax cuts for low-income people, Taft-Hartley amendments that labor will like, a new look at power developments to draw support in the West; an extension of social security with a lower retirement age for women, to appeal to older folk; an easing of immigration laws to attract foreign-born groups. For Negroes and Northern "liberals," Mr. Johnson proposes a constitutional amendment abolishing the poll tax.

The purpose is not to go to extremes on any of these issues. Mr. Johnson simply wants to go a little further and a little faster than the Eisenhower Administration, to beat the Administration to it. The program is intended to help the party occupy the obviously popular middle ground that has been pre-empted by President Eisenhower.

Different approach. In debate, as Mr. Johnson has things planned, Democrats will emphasize differences of method and of emphasis. An effort will be made to show that the Democratic way of doing things will be of immediate help to the farmer, the workingman, little people generally. Democratic speakers will contend that, by contrast, Republican methods are aimed first at helping the bankers and big businessmen.

In Senate and House, Mr. Johnson and Mr. Rayburn have only the narrowest

(Continued on page 68)

—Wide World

MR. JOHNSON (CENTER) WITH HOUSE GUESTS

Mr. Rayburn (left) and Mr. Stevenson were among the "social callers"

What's the Trick?

There's no trick to it. The magic of the name Black & White Scotch Whisky can be summed up in two words: Quality and Character. They never change!

"BLACK & WHITE"

The Scotch with Character

BLENDED SCOTCH WHISKY 86.8 PROOF

THE FLEISCHMANN DISTILLING CORPORATION, N. Y. • SOLE DISTRIBUTORS

Mr. Johnson aims at key role in '56 Convention . . .

of Democratic majorities behind them. On a number of their projects, however, they expect some Republican help. President Eisenhower remains highly popular, but Democratic strategy is based on an expectation that his influence over Republicans up for re-election next year may wane when matters come to a vote.

A rough session is generally expected. Most issues are to take on political overtones, with speeches and votes aimed at the conventions and the elections ahead. Mr. Johnson's policy has been to avoid what he calls "nit-picking" opposition to Eisenhower policies. He has carried it to a point at which he has been attacked for too much co-operation with the White House. The Johnson policy on this point already is being shifted.

"Moderate" candidate? Whether or not Senator Johnson's legislative items are enacted, his party in Congress will make its record by its votes on them. This record, Senator Johnson expects to take to the National Convention as a pattern for a moderate platform that a "moderate" nominee can support. At the Convention, too, he hopes to hold a position of power.

Senator Johnson hopes to make the Texas delegation, biggest in the South with 52 votes, the nucleus of a coalition aimed at preventing an automatic first-ballot nomination for anyone. This would give the Convention time to look the whole field over. Meanwhile, Mr. Johnson and leaders associated with him would be in a position to bargain, to exact assurances from candidates in return for their support.

In other parts of the South, the idea has not caught on noticeably. Leaders in Southeastern States shied away from the word "coalition," for one thing. They did not like its implications. Nevertheless, many of them are unhappy at the prospect that Mr. Stevenson might get the nomination and even more so at the thought that it might go to Senator Kefauver or Governor Averell Harriman of New York, whom they consider too far to the left.

Senator Richard B. Russell, of Georgia, has called for the nomination of a "middle road" candidate and has suggested that Governor Frank J. Lausche of Ohio would fit that description. Mr. Johnson might disagree, and hold that Governor Lausche stands too far to the "right." It is a matter of each man's definition.

Tactics to be set. Nevertheless, politicians think it probable that, in the end, the South as usual will cast its votes largely in a block, on early ballots at

. . . Senator's plan is to bar "runaway" nomination

least. Mr. Johnson, the essence of whose leadership in the Senate is to consult every Democratic faction before acting, is to work out with other Southerners the man to be supported and the tactics to be followed.

All this, the Senator's friends insist, does not mean that the Texan is leading a "stop Stevenson" movement. He just does not want Mr. Stevenson, or any other candidate, to run away with the nomination. It all could end with the South reluctantly supporting the 1952 candidate. There are no indications of a bolt this time, such as occurred in 1952 and 1948.

One important question overhangs Mr. Johnson's plans. To control the Texas delegation, he and Mr. Rayburn must get control of the party in their State. This was wrested from them in 1952 by Governor Allan Shivers, who supported General Eisenhower. For a time, there were prospects of a hard fight, from precinct conventions up. Later indications are, however, that Governor Shivers and the Senator have reached an agreement that will put Mr. Johnson at the head of the delegation.

Rancher, statesman. Senator Johnson is tall, rangy, seemingly easygoing. He watches every detail of Senate business, usually can tell in advance how every member will vote, postpones such tests if he can, until all factions of the party are satisfied.

The Senator came to Washington originally as the secretary to a member of the House and was himself elected to that branch in 1937. He tried for the Senate in a special election in 1941 and lost, but remained in the House. In 1948, Mr. Johnson ran again for the Senate. In a runoff primary, nearly a million votes were cast. The official canvass gave Mr. Johnson a margin of 87 votes and he was on his way.

Before the end of his first term, at the outset of the Eisenhower Administration he was chosen Democratic Leader. Recovery from his heart attack has been rapid. He plans to be back at his post when Congress convenes, but may have to slow down somewhat, delegate part of his activities to others.

In the new session, presidential politics is to be predominant. Mr. Johnson says he has no idea of letting the Senate become a nominating convention. Meanwhile, the Senator, an unusual political and legislative technician, is to be calmly in the thick of all the activities leading to the Democratic Convention and apparently is to have a powerful voice at that big meeting, too.

Concrete bonuses for motorists

You're looking at U.S. 67, an old concrete road south of the St. Louis city limits. This road, built in 1928, has served motorists in the area with amazing economy ever since.

Since 1928, U.S. 67 has carried more and more traffic, heavier and heavier loads. The average daily traffic on the section shown above now is 21,500 vehicles.

Traffic loads like this are far more than the pavement was designed to bear. And the service life has been longer than was expected. Yet it goes right on carrying this extra traffic with very little maintenance expense, while other types of pavement have been rebuilt or resurfaced many times.

Hundreds of miles of concrete roads built decades ago match the performance of U.S. 67. They long ago earned their cost and keep in the gas taxes and license fees that motorists pay to use them—*and they're not through earning yet!*

By continuing to earn annual bonuses for motorists, these old, durable concrete roads help pay for today's new highways. They demonstrate that concrete is the logical choice for the new highway construction planned for America's main roads in the long-range federal highway program. And these new concrete roads promise to deliver even greater bonuses to every highway user because now they can be built to last more than twice as long.

PORTLAND CEMENT ASSOCIATION

33 West Grand Avenue
Chicago 10, Illinois

A national organization to improve and extend the uses of portland cement and concrete . . . through scientific research and engineering field work

After $101 Billion—

NEW FIGHT ON FOREIGN AID

What to do about U. S. aid abroad is up for a major policy decision now, after 101 billion dollars has been given away.

New billions are involved. The big point at issue: continue the trend downward, or put more aid programs into action?

The record, to date, shows 50 billions donated in wartime, 26 billions in postwar relief, 25 billions since Korean war began.

Inside the President's Cabinet an argument is under way and growing in intensity. This argument concerns the future of grants of aid by the United States to other countries.

On one side is a group that urges an increase in the aid program, in the form either of gifts or of loans backed by Government credit. This group is headed by Harold E. Stassen and Nelson Rockefeller, special assistants to the President, and is supported by a number of officials in the State Department.

In opposition are several officials who feel that Western Europe now is on its feet and that the U. S. Treasury cannot find enough money to satisfy the wants of the more backward areas of the world, for which new proposals of aid are being promoted. George M. Humphrey, Secretary of the Treasury, is a leader in this group. Also included are John B. Hollister, who recently succeeded Mr. Stassen as Director of the International Cooperation Administration. The group has the support of Herbert Hoover, Jr., Under Secretary of State, Defense Secretary Charles E. Wilson and other top officials.

A decline has occurred in aid to other countries in recent years. Military assistance has been almost halved since the peak of the Korean war, and economic aid, which soared to 6 billions in the year ended June 30, 1949, has dropped below 2 billions a year. The argument going on is whether to continue this downward trend or to reverse it.

The source of the argument is found in the 101.2 billion dollars that the United States has given or loaned to other countries during and since World War I. Actually, since the end of World War II, the U. S. has extended a larger amount of aid than during either of the two war periods. This postwar total comes to 51.3 billion dollars—a volume of aid that dwarfs even the promises of Russia to Communist-controlled areas and other countries. It is this large figure that is causing officials inside the Administration to take another look at this country's aid program.

Recent aid from the United States to other countries can be divided rather neatly into five-year periods—the World War II period from July, 1940, through June, 1945; the "cold war" period from July, 1945 through June, 1950, and the Korean-war and postwar period from July, 1950, through June, 1955. Altogether, this has cost the United States 91.6 billion dollars. These periods also point up the shifts that have occurred in American foreign policy.

Major emphasis during World War II was on the Lend-Lease program that extended American arms and supplies to the country's allies in the war against Germany and Japan. Most of this aid went into military equipment and was crossed off as a war expense. The net outlay came to 40.3 billions, with Great Britain receiving nearly 60 per cent and Soviet Russia getting a little more than 25 per cent. Smaller amounts were given to France and Nationalist China.

This sum of 40.3 billions, on which no repayment is being asked, compares with the rather modest 9.6 billions in aid during World War I, of which 90 per cent went to Britain, France and Italy. The aid in World War I took the form of loans, which largely remain unpaid. The figure of 9.6 billions represents the unpaid principal on war loans and does not include the accumulated and unpaid interest on these advances.

Relief, then recovery, became the policy for American aid after World War II. These were the days of the United Nations Relief and Rehabilitation Administration and the Marshall Plan. U. S. policy was to repair the damage caused by war and to provide a base for the recovery of industry.

The relief program, administered mostly through UNRRA, was concentrated in 1946 and 1947 and went largely to Western Europe. This also was the time when Great Britain received a loan of 3.75 billions for postwar recovery and to help stabilize the British pound sterling. The Greek-Turkish aid program, ushering in the Truman Doctrine, was proposed in 1947, got under way in 1948 and was largely completed in 1950 at a cost of 653 million dollars.

The Marshall Plan, also proposed in 1947, became the major funnel for aid money in 1949 and 1950. This program called for grants of more than 7 billion dollars, almost all of which went into recovery projects for Britain and Western Europe. The pre-Korean period also saw smaller amounts of aid given to Philippine rehabilitation and some relief to Nationalist China.

Altogether, the United States poured out more than 26 billion dollars between the end of World War II and the beginning of the Korean war. More than half of this went to Britain, France, Western Germany and Italy, with smaller amounts going to Japan and other countries in Asia and Europe.

Another shift in emphasis—this time toward military aid—came with the Korean war. The non-Communist world de-

Basic data: Commerce Dept.

cided to rearm after Korea, and the U. S. promised to pay for a large part of the arms program at the same time that it was bearing most of the burden of the actual Korean fighting.

Since the Korean war, aid to other countries amounted to about 25 billion dollars through June 30, 1955, and more than half of that has gone into arms. Most of the military aid, furthermore, has gone into European rearmament in an attempt to build up military strength against Soviet Russia. In the peak year, ended June 30, 1953, for example, Europe received nearly three fourths of the money spent for rearming, while Asia, where a war was going on, got only a fourth of the arms aid. The outlay for U. S. armed forces, however, is not included in these programs.

The trend in military aid, as well as in economic aid, has been downward since the fighting stopped in Korea. In the 1953 fiscal year, ending June 30, 1953, military aid amounted to 4.3 billion dollars. In the 1954 fiscal year, that was cut to 3.5 billion and, in the fiscal year ended last June 30, military aid fell to 2.5 billion. The rate of 2.5 billion is believed to be continuing in the present fiscal year which ends June 30, 1956.

Economic aid increased a bit in the last fiscal year because of added assistance given to Indo-China after the fighting in that region between Communists and non-Communists. Much of this aid is going to support troops in the field. Otherwise, there has been a steady decline in this type of assistance since 1951.

Congress has indicated approval of a policy of diminishing foreign aid. By July 1, 1952, Congress had authorized an outlay of almost 20 billion dollars in foreign aid yearly. That amount, which includes unspent money from previous years as well as new money voted, was cut to 16.3 billion by July 1, 1954, and to 14 billion by July 1, 1955.

Congress also has stated that aid, in the present year and in the future, should emphasize loans rather than grants. The "giveaway programs" of the United States are running into increasing opposition in Congress, just as they are viewed doubtfully by some top officials in the Administration.

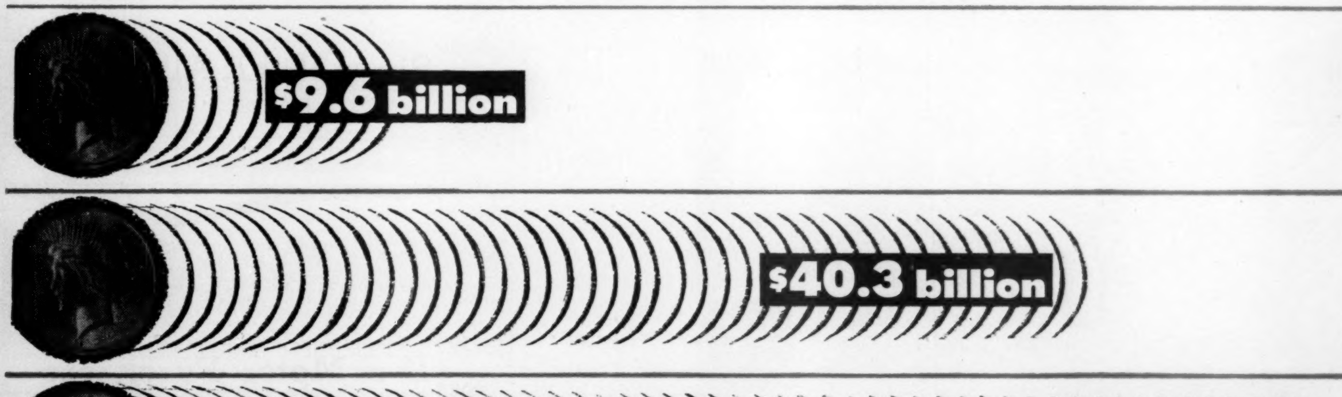
The problem of foreign aid today has shifted to Asia, the Near East and other undeveloped areas. Western Europe has staged an economic recovery and production there is at a record high. Aid to Europe is in a sharp decline, but appeals are still coming from most of Asia.

Actually, these areas are getting increased aid. More money is going to Korea, India and Pakistan. Iran, in the 1955 fiscal year, ranked fifth among countries receiving nonmilitary aid. Increased amounts were given in that year to Egypt, Jordan and Libya. U. S. payments to the United Nations Relief and Works Agency for Arab refugees in Palestine also were raised.

Aid to these countries, however, is measured in millions and one group in Washington advocates the adoption of a broad new program of greater assistance to undeveloped regions. This group is receptive, for example, to a reported proposal from India for 1.5 billions over the next few years. The countries of South America also are urged as candidates for money to finance river developments, power lines, highways and other projects.

The opposing group, however, sounds a note of caution. Questions are being raised about the ability of "backward" areas to use the money properly even if they get it. And this group pays more careful attention to the present state of the federal budget.

OTHER NATIONS:
HOW THE BILLIONS WENT



U. S. FOREIGN AID $101.2 billion

© 1955, By U.S. News Pub. Corp.

PROGRESS IN DIRECT CURRENT DRIVES

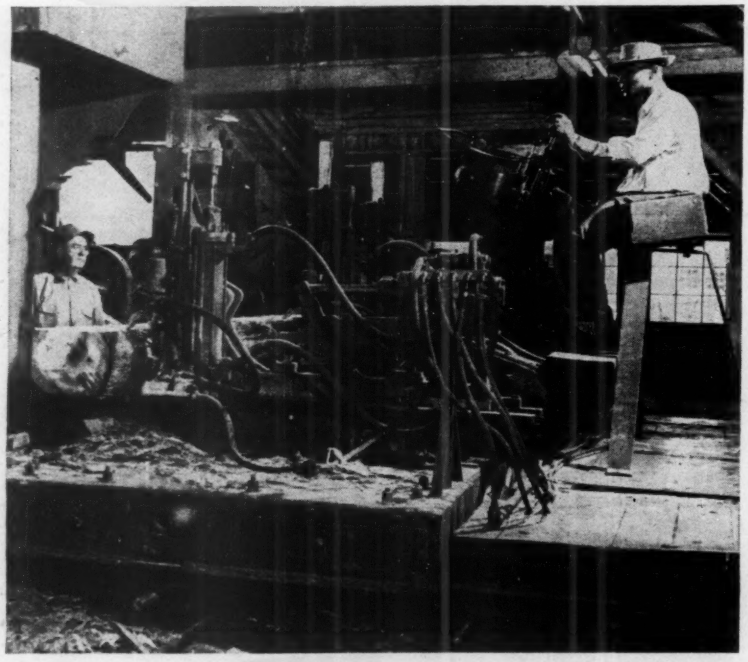
- Industry faces problem of increasing output without increasing costs.

- Automatic processing proves solution for many large and small plants.

- Statistics show growing demand for d-c motors as U.S. business swings to . . .

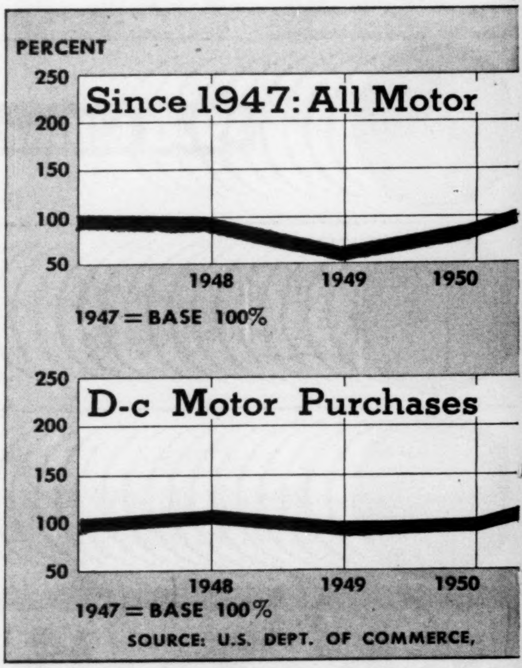
210,000 96-PAGE PAPERS AN HOUR is output of Philadelphia Evening and Sunday Bulletin presses driven by 86 40 hp G-E direct-current motors. Large and small newspapers across the

D-c Drives: The Key to High



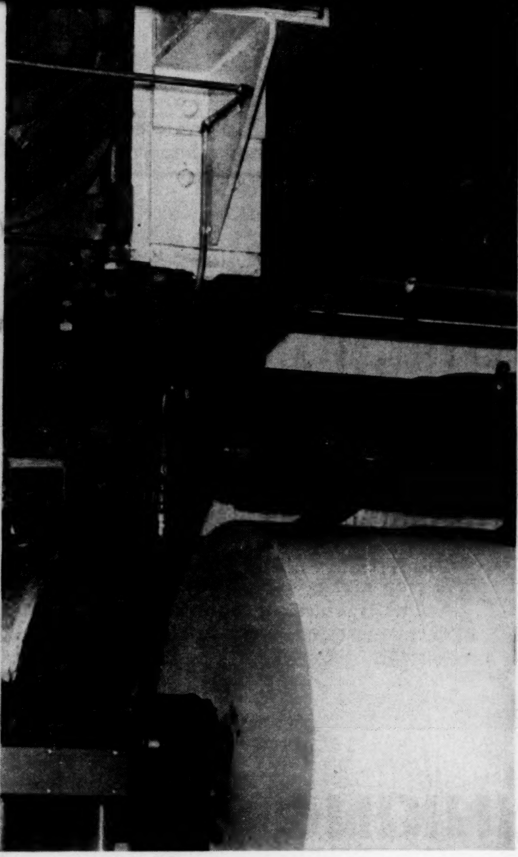
$20,000 A YEAR SAVINGS in steam costs is reported by Crossett Lumber Co., Crossett, Ark., after converting steam-driven log carriages to G-E direct-current drives. D-c motors maintain 220,000 board feet per day output.

(Advertisement)

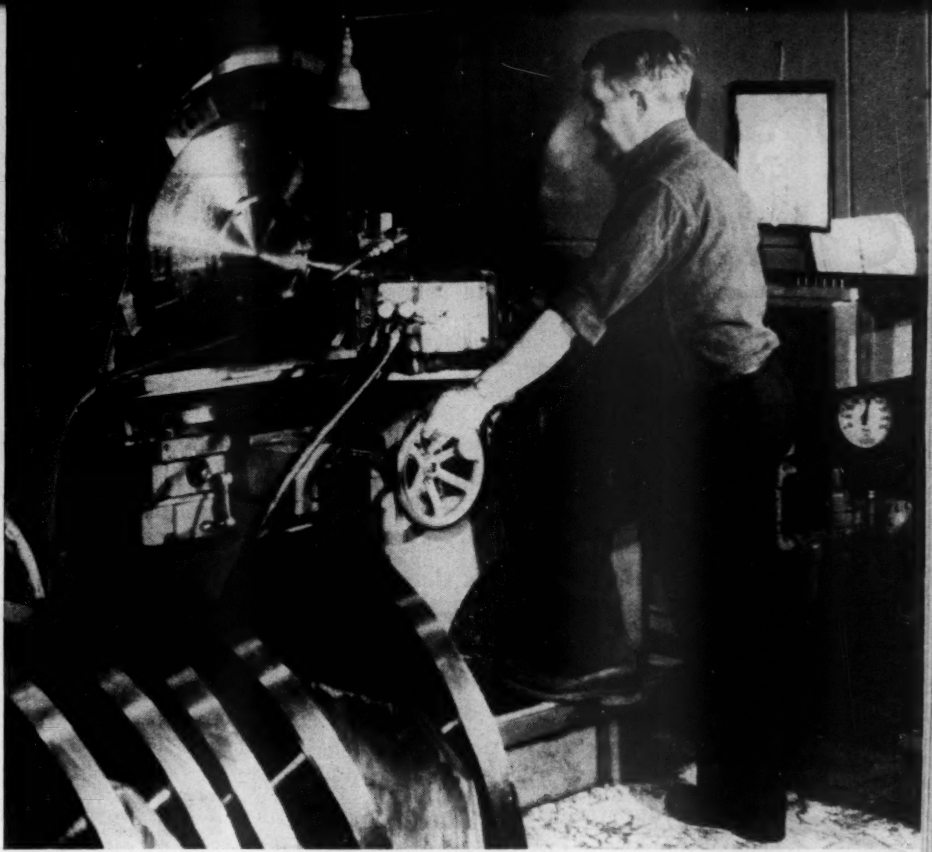


SOURCE: U.S. DEPT. OF COMMERCE,

DC MOTOR PURCHASES REACH NEW HIGH since end of World War II. In period which saw 20% rise in all motor sales, direct-

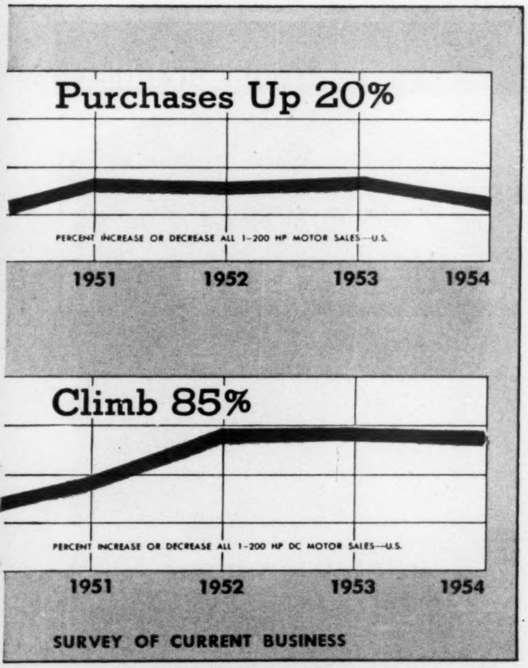


country are swinging to versatile d-c drives which provide an almost infinite number of speed steps, assure smooth acceleration and deceleration of presses, and drastically reduce paper waste.



MACHINING TIME IS CUT UP TO 50% by quick acceleration, deceleration and reversals provided by packaged General Electric direct-current drives. Above, adjustable-speed d-c motors provide constant surface-cutting speed for lathe machining jet engine wheels at the Lycoming Division of Avco Manufacturing Company, Stratford, Conn.

Output, Low-cost Production



SURVEY OF CURRENT BUSINESS

current motor purchases climbed 85%. Industry's trend to automatic production has led to the increased demand for d-c drives and equipment.

(Advertisement)

Throughout the U.S., in factories large and small, direct-current motors are meeting the demands of accelerated, low-cost production.

- **Examples**—D-c driven newspaper presses roll out up to 210,000 96-page papers an hour. By converting steam driven log carriages to direct-current drives, one lumber mill reports savings of $20,000 a year in steam costs alone. D-c equipped machine tools have cut machining time up to 50%.

- **Industry-wide**—Steel, textiles, materials handling, mining and many other industries are making greater use of automatic techniques to boost production and lower manufacturing costs. This trend has led to an increased demand for direct-current motors (graphs left).

- **Reasons**—For top efficiency, automatic processing requires controlled high-speed action and drive flexibility. Both of these requirements are best supplied by d-c equipment. In addition, direct-current drives often increase versatility and output of a driven machine to such an extent that cost per unit of production is substantially reduced.

- **D-c power from a-c source**—A-c to d-c conversion equipment, such as G-E Speed Variators and motor-generator sets, enable industry to obtain d-c power simply and economically. Packaged conversion units may be placed next to driven machines or in other convenient load-center locations.

- **More information**—General Electric has specialists for every industrial field in convenient locations throughout the country. Engineers in 149 G-E Apparatus Sales Offices are ready to supply industry with complete information on how d-c drives can boost output and reduce manufacturing costs. *Direct Current Motor and Generator Department, General Electric Company, Erie, Pennsylvania.*

818-2

GENERAL ELECTRIC

Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

A FARM HEADACHE THAT HANGS ON

World markets for American cotton are shrinking rapidly. While U. S. piles up surplus stocks, others increase their sales.

Why? A close look shows U. S. undermining its own exports—

Fixed price of U. S. cotton gives a big edge to growers abroad.

Also, boom in cotton output overseas is financed, in part, by loans from the U. S. Government or by U. S. investments.

Back in the days before World War II, U. S. farmers supplied the rest of the world with an average of 5.6 million bales of cotton each year. That was close to half of the American crop and one quarter of all the cotton used by the world outside of U. S.

Today, farmers of this country find their export market has shrunk to little more than one eighth of the cotton consumed by the rest of the world. In the cotton-marketing year that ended on August 1, U. S. exports totaled only 3.4 million bales, while world consumption outside this country was 26.6 million bales.

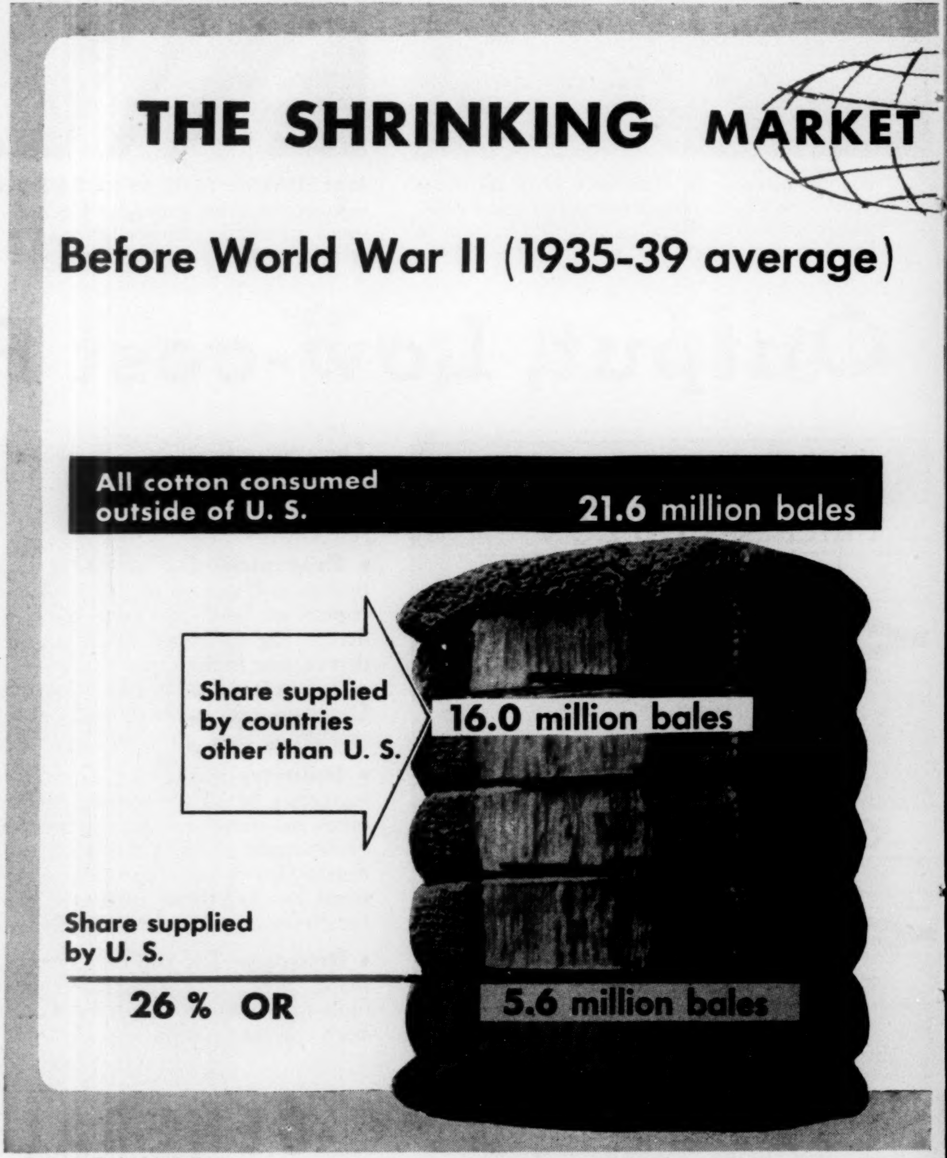
In those figures is a story of importance to the American South and to taxpayers in all parts of the country.

The market for American cotton is shrinking all over the world. It is shrinking because the price of cotton grown in this country is held higher than the world price set in a free market. The U. S. price, fixed by Government through price-support loans, lessens competition for cotton growers in other countries.

A boom, as a result, is under way in the production of cotton in Mexico, in Nicaragua, in Argentina and in such Middle Eastern countries as Turkey, Syria and Iran. This boom in cotton production abroad, to some extent, is financed by American capital and by loans from the American Government.

All kinds of problems are growing from the troubles of the cotton industry in this country—problems of a kind that appear to some degree in other crops:

- Unsold cotton is piling high in Government warehouses. At the end of the current marketing year on Aug. 1, 1956, taxpayers will own outright, or hold loans on, cotton totaling 11 million bales, according to estimates of the Department of Agriculture. This mountain of fiber would come very close to meeting U. S. requirements for a full year in both domestic and export markets.
- Control of production is attempted, but found hard to achieve. Cotton farmers this year were permitted to plant only 18 million acres, compared with an average of nearly 28 million acres a year in the prewar period, 1935-39. Yet total production this year, on 10 million fewer acres, was more than the average annual crop in the years 1935-39.
- The troubles of cotton are comparable to those in wheat. In surpluses of these two crops the Government now



Basic data: Dept. of Agriculture

has invested more than 4.2 billion dollars. If the surpluses are held off the market, while prices are being supported, they tend to grow larger and larger while markets at home and overseas are being lost.

It is these huge stocks of cotton and wheat—combined with the fact that markets abroad, especially for cotton, are being lost—that are forcing Government to face up to a tough decision. This decision is the object of conferences now under way in Congress and at high levels in the Eisenhower Administration. Basically, there are these two conflicting points of view on what should be done:

1. *Sell,* regardless of price or the effect upon other cotton-growing countries.

2. *Hold* the surpluses off the world market unless they can be moved through giveaways or bargain sales that do not disturb "normal channels of trade."

Most active among those urging a vigorous program of export sales at cut-rate prices are cotton-State Congressmen. The Southern lawmakers point out that the U. S. exported, on the average, 5.6 million bales of cotton a year in the period before World War II. Exports dropped to an average of 4 million bales a year in the five-year period following the war.

Cotton exports were down to 3.4 million bales in the marketing year just ended, and will shrink to a predicted 2.5 million bales in the current marketing year. At this rate, say the cotton-State Congressmen, U. S. exports will dry up completely in three or four years.

Others sell for less. A spot check of cotton prices around the world shows why sales of U. S. cotton are sagging while those of other countries are going up. In October the U. S. was asking 34.56 cents a pound for the same quality of cotton that India was selling for 27.29 cents a pound. Mexico wanted only 32.05 cents for a quality of cotton that was priced at 36.39 cents in the U. S. Peruvian cotton was going for 31.06 cents while cotton of comparable quality cost 38.28 cents in this country.

Armed with these statistics on world prices and their effect on U. S. exports, the Southern Senators and Representatives are putting the heat on Secretary of Agriculture Ezra Taft Benson. They want him to start unloading surplus cotton from Government warehouses into export channels at a price that will attract buyers from importing countries. Mr. Benson, they point out, has authority in the law, as written by Congress, to do this.

Secretary Benson himself feels that his program of flexible price supports is frustrated by the big surpluses that hang over farm markets. He wants to work them off as fast as possible and is reported to be ready to move now, although not as fast as the Southern Congressmen would like.

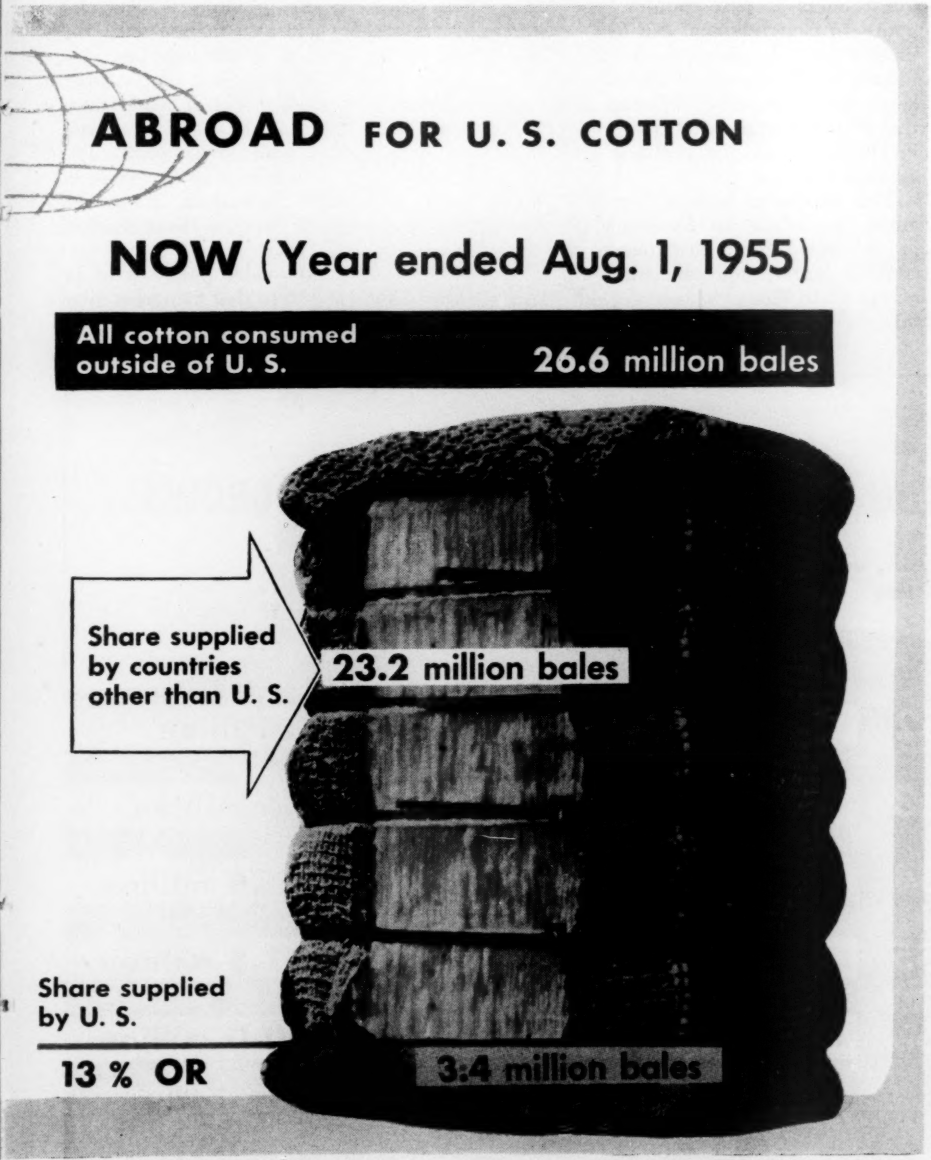
However, Secretary of State John Foster Dulles is telling President Eisenhower that a policy of bargain prices to promote big sales of cotton abroad at this time would jeopardize U. S. relations with her allies. Friendly nations with cotton to sell, say State Department officials, would be angered at U. S. dumping of surplus cotton in the world market at cut-rate prices.

The cotton-State Congressmen feel that the State Department is trying to protect farmers in other countries at the expense of U. S. farmers. "I don't object to other countries becoming self-sufficient in cotton production," says Representative Jamie L. Whitten (Dem.), of Mississippi. "But I do object when they move into export markets that belong to U. S. cotton farmers while the Government holds an umbrella over the world market. Mexico, for instance, has increased cotton exports from about 300,000 bales in 1947 to nearly 2 million bales this year."

Cotton is an expanding industry in other countries, too. In the little country of Nicaragua, production has risen from 5,000 bales before World War II, to 250,000 bales in 1955.

In the Middle East, Turkey has increased cotton production from 249,000 bales in the prewar period to 675,000 bales this year, and Syria's production is up from 28,000 to 365,000 bales.

Adding to the indignation of the Southern lawmakers is the fact that American firms, in many instances, are



© 1955. By U.S. News Pub. Corp.

[*continued*]

A FARM HEADACHE HANGS ON

financing expansion of the foreign cotton industry. A House committee report states that one firm has increased its investment in the cotton industry of Latin-American countries by more than 18 million dollars in seven years.

What to do? Pressure is building for some form of what is known as a two-price plan. Many wheat farmers have been pushing hard for this plan ever since surpluses of their crop began pouring into Government bins in 1952. Cotton farmers, for the most part, have not been enthusiastic about the plan. But, with cotton surpluses building higher and higher, and exports in danger of drying up, they are giving the idea another, more favorable look.

Under this plan, each farmer would be given a quota, which would be his share of the cotton crop consumed in the United States. On this quota he would get a price support of 90 or 100 per cent of "parity." It is assumed under the present farm law that farm prices at 100 per cent of "parity" would put farmers more nearly on an equal footing with the rest of the economy.

Farmers could exceed their quota if they wished, taking a chance on the price they could get for their excess production in the world market. Thus, say those who espouse the plan, other nations could not accuse U. S. farmers of dumping because there would be no Government subsidy on the cotton moving into the export market.

The two-price plan itself may not be adopted as such—or at all—but most cotton-State legislators are agreed that the only solution to the cotton problem is a farm program with two prices—a relatively high price in the market at home and a lower price in the world market.

The present policy of holding American cotton off the world market and continually cutting back the acreage of cotton farmers in this country, say these Southern Congressmen, can lead only to further loss of export markets and the forcing of thousands of farmers off the land. Representative Whitten charges that 55,000 cotton farmers were "put out in the road" by the cutback in cotton acreage this year.

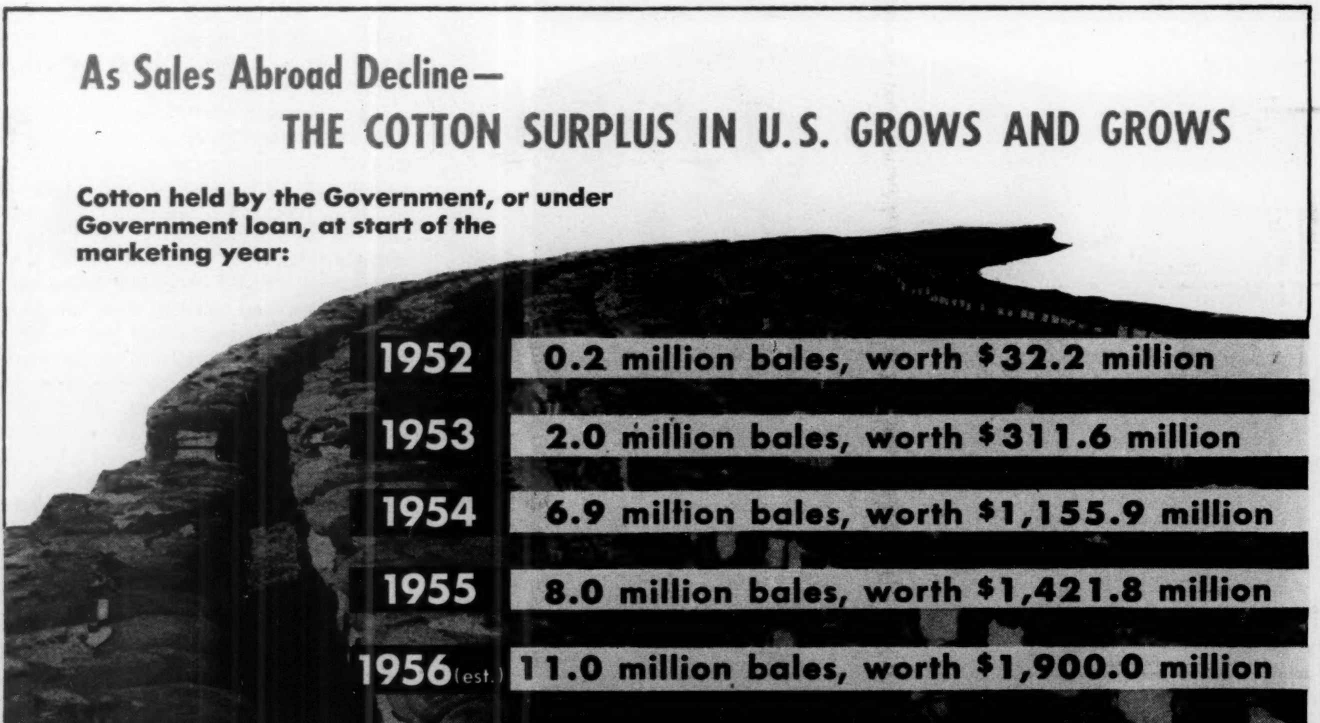
This exodus of farmers from the rural areas, according to Secretary Benson, is an inevitable consequence of the trend to larger, more efficient farms. The cotton-State Congressmen do not share this view. They say that some of these farmers may be inefficient, but not all. The trouble is that their cotton acreage has been cut back so far that they cannot make a living. This need not happen, they maintain, if Mr. Benson would take the action they recommend to keep the export market for cotton.

The dilemma of the cotton farmer underscores what many farm economists consider to be the basic problem of U. S. agriculture.

American farmers produce and market with equipment and supplies that reflect the "built in" costs of American industry—such things as minimum wages, collective bargaining, fixed freight rates, "fair trade" laws, tariffs, import quotas. The price-support program is designed to bring them a return in line with the cost of this equipment and supplies.

The present price-support plan is pricing American farmers out of world markets where they must compete with farmers in countries with lower costs. The solution to this problem, in the view of many farm-State legislators, is to sell abroad at prices lower than those charged at home.

Whether such a sales policy is to be followed is a problem that Congress must face in 1956.



As Sales Abroad Decline—

THE COTTON SURPLUS IN U.S. GROWS AND GROWS

Cotton held by the Government, or under Government loan, at start of the marketing year:

1952	0.2 million bales, worth $32.2 million
1953	2.0 million bales, worth $311.6 million
1954	6.9 million bales, worth $1,155.9 million
1955	8.0 million bales, worth $1,421.8 million
1956 (est.)	11.0 million bales, worth $1,900.0 million

Basic data: Dept. of Agriculture

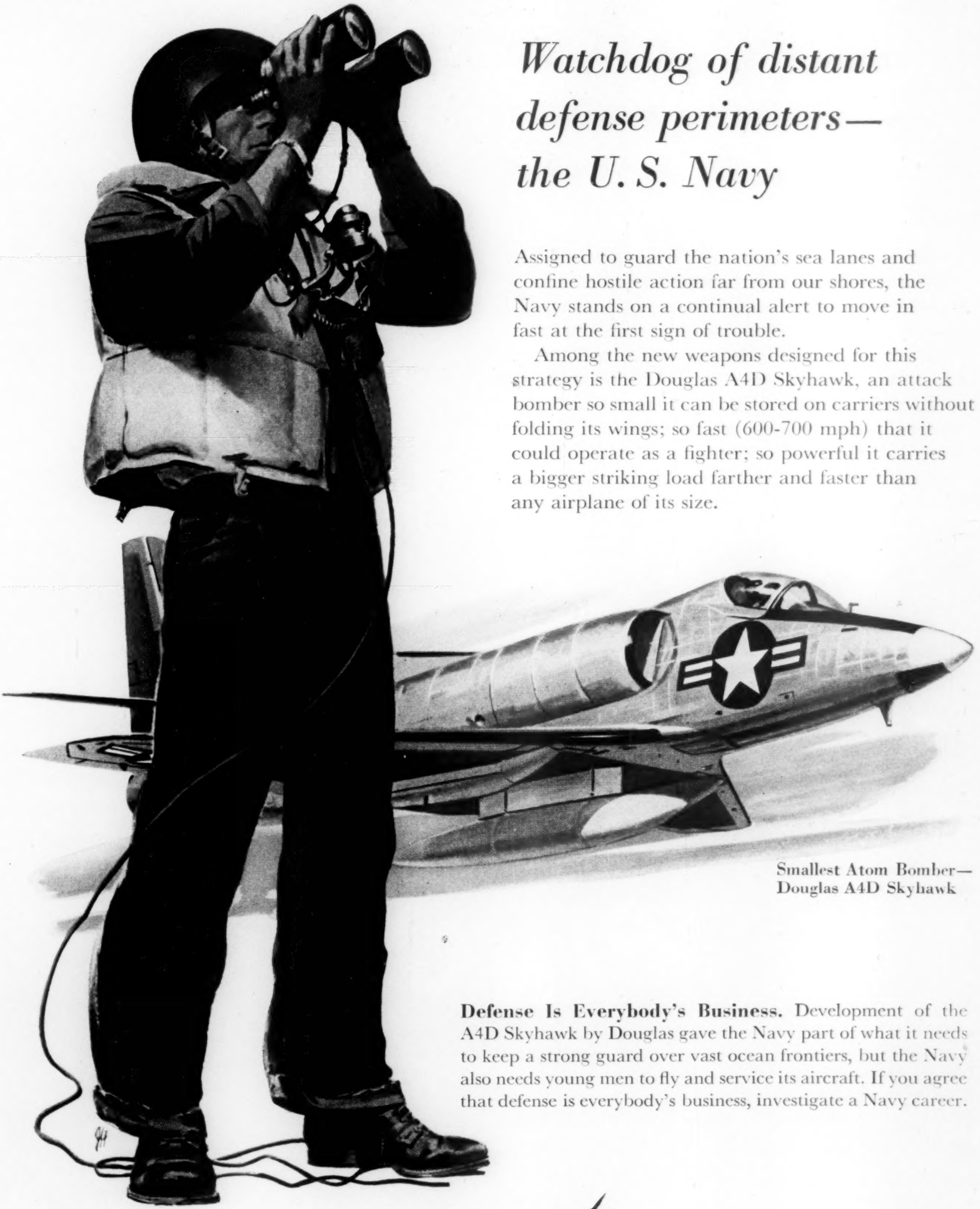
© 1955, By U.S. News Pub. Corp.

No. 4 in a new series:

Watchdog of distant defense perimeters—the U. S. Navy

Assigned to guard the nation's sea lanes and confine hostile action far from our shores, the Navy stands on a continual alert to move in fast at the first sign of trouble.

Among the new weapons designed for this strategy is the Douglas A4D Skyhawk, an attack bomber so small it can be stored on carriers without folding its wings; so fast (600-700 mph) that it could operate as a fighter; so powerful it carries a bigger striking load farther and faster than any airplane of its size.



Smallest Atom Bomber—
Douglas A4D Skyhawk

Defense Is Everybody's Business. Development of the A4D Skyhawk by Douglas gave the Navy part of what it needs to keep a strong guard over vast ocean frontiers, but the Navy also needs young men to fly and service its aircraft. If you agree that defense is everybody's business, investigate a Navy career.

Depend on *DOUGLAS* **First in Aviation**

HAIG & HAIG
PINCH
100% SCOTCH WHISKY
PRODUCT OF SCOTLAND
HAIG & HAIG

so highly Regarded . . . so easily Recognized . . . so thoroughly Enjoyed . . .
Perfected more than 3 centuries ago . . . unmatched ever since!

Don't be Vague . . . say Haig & Haig ☆ *BLENDED SCOTS WHISKY, 86.8 PROOF* ☆ *RENFIELD IMPORTERS, LTD., N. Y.*

LIFE AROUND THE WORLD®

memo

FROM KENYA

QUIET KILLERS

NAIROBI, Kenya—You can get evidence out here that no weapon ever becomes obsolete. In an age of atomic and nuclear arms, the British are fighting the Mau Mau with spears and bows and arrows—the most effective tools for this war.

Archers drawn from tribes that are still loyal to the British in this East African colony serve in the Kenya Police and as trackers and scouts for the British Army's white patrols. Their major job is to pick off Mau Mau sentries at forest hide-outs.

The use of the primitive weapons is just common sense militarily, to the British. They learned long ago that if a shot is fired at a guerrilla the rest of his gang scatters into the forest undergrowth and is almost impossible to catch. But, when an arrow is fired, no one is any the wiser except the sentry who is hit. The patrol can close in undetected.

Spearmen also operate in silence. They throw their seven-foot weapons with deadly accuracy, having learned as boys to bring down running antelope 25 yards away. Captured Mau Mau say they were more afraid of being nailed by a spear than of being punctured with a bullet.

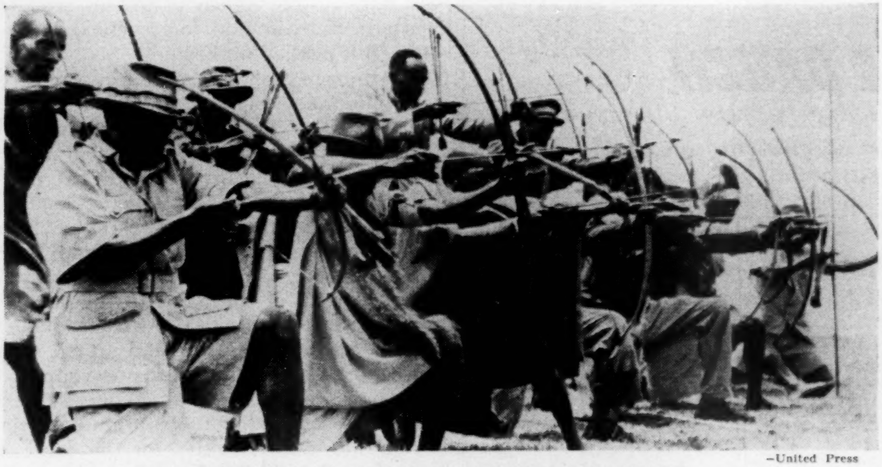
A few Africans make excellent riflemen, but most of them never succeed in mastering the white man's weapon. "They can't get away from the idea that it's the noise, not the bullet, that kills," says one Englishman. "But that's all right —we need archers and spearmen."

The African Home Guard units have a motley arsenal in addition to their arrows and spears. Standard weapons include the *simi*—a short sword—a machete-like tool called the *panga,* and the African type of shillelagh. Only a few Guardsmen have rifles.

Mau Mau weapons are similar in their variety. Perhaps one guerrilla in 10 has a factory-made firearm. Some of the others carry homemade ones. A piece of pipe serves as the barrel for a gun; a door bolt, sharpened at one end and powered by a rubber band, is the firing mechanism. Many of these crude weapons have blown up in the faces of the owners. But others have been efficient enough to do what was wanted of them —kill another man.

Mau Mau terrorism, and white coun-

(Continued on page 80)


—United Press

A TRAINING CLASS IN AFRICAN WARFARE
Tribesmen are learning to beat the Mau Mau at their own game

Wake up your eyes

WITH A **2-DROP BATH** OF **MURINE**

You brush your teeth every day, but what do you do for your eyes? Just two drops of Murine in each eye seems to float away tiredness in seconds, leaving your eyes so cooled and refreshed. Because of Murine's seven tested ingredients, it is as gentle as a tear. So use Murine regularly as often as your eyes are tired. Make it a pleasant daily custom; remember, Murine makes your eyes feel good.

MURINE
-for your eyes

SAVE WITH SAFETY . . . YOUR MONEY EARNS MORE

3½% ACCOUNTS INSURED to $10,000

Get our FREE LIST of Federal INSURED Savings Associations paying 3½% current dividend.

ALBERT J. CAPLAN & CO.
Members: Phila-Balto Stock Exchange
1516 LOCUST ST., PHILA. 2, PA.

CHANGES OF ADDRESS

Notice of change of address should be sent not less than two weeks prior to the date change becomes effective. Send the address at which copies are now being received and the new address at which you wish to receive copies.

U. S. News & World Report
Circulation Department
435 Parker Ave., Dayton 1, Ohio

3½% + ¼% EXTRA

ON YOUR MONEY PAYABLE DEC 31 1955

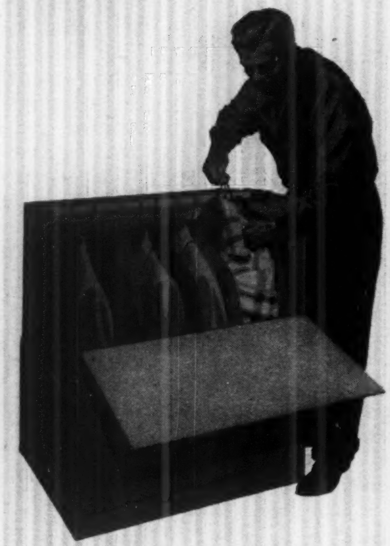
EACH ACCOUNT INSURED TO $10,000

Phone or write today for FREE list of Insured Savings and Loan Associations paying 3½% and the name of association paying 3½% plus ¼% extra. Individual and corporate accounts invited. Legal for Trust Funds. Accounts *transferred without charge.*

OUR SERVICES ARE FREE

B. RAY ROBBINS CO., Dept.NK-1
501 5th Ave., N.Y. 17 (42 St.) MU 7-0067

"Look...all the way from New York without a wrinkle!"



125 pounds of clothing hang inside this H&D wardrobe box—travel cross country without dust or wrinkles. Let us show you how H&D packaging can protect your product, too.

HINDE & DAUCH
Subsidiary of West Virginia Pulp and Paper Company

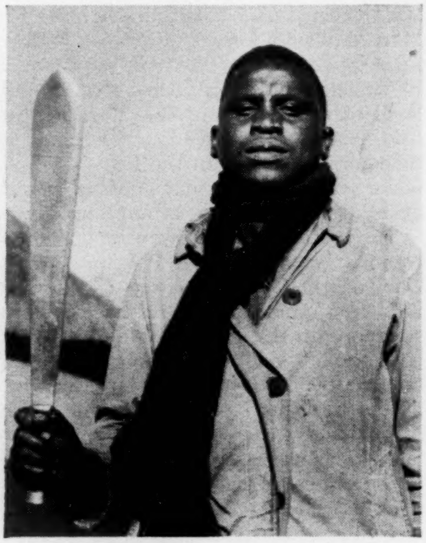
AUTHORITY ON PACKAGING • SANDUSKY, OHIO
13 FACTORIES • 42 SALES OFFICES

memo

. . . Mau Mau still hope to scare whites out

termeasures, have gone on now for more than three years. The British and their African auxiliaries have reduced Mau Mau strength to that of scattered gangs. But they have not been able to wipe the gangs out.

The guerrillas avoid an open fight. They stay hidden in the forests most of the time. But they are still dedicated to the Mau Mau objective: to make life so miserable for the white settlers that they will have to leave. The local people feel that Kenya will have hit-and-run warfare with these gangs for years.



LOYAL WARRIOR AND HIS *SIMI*
He succeeds where bombers fail

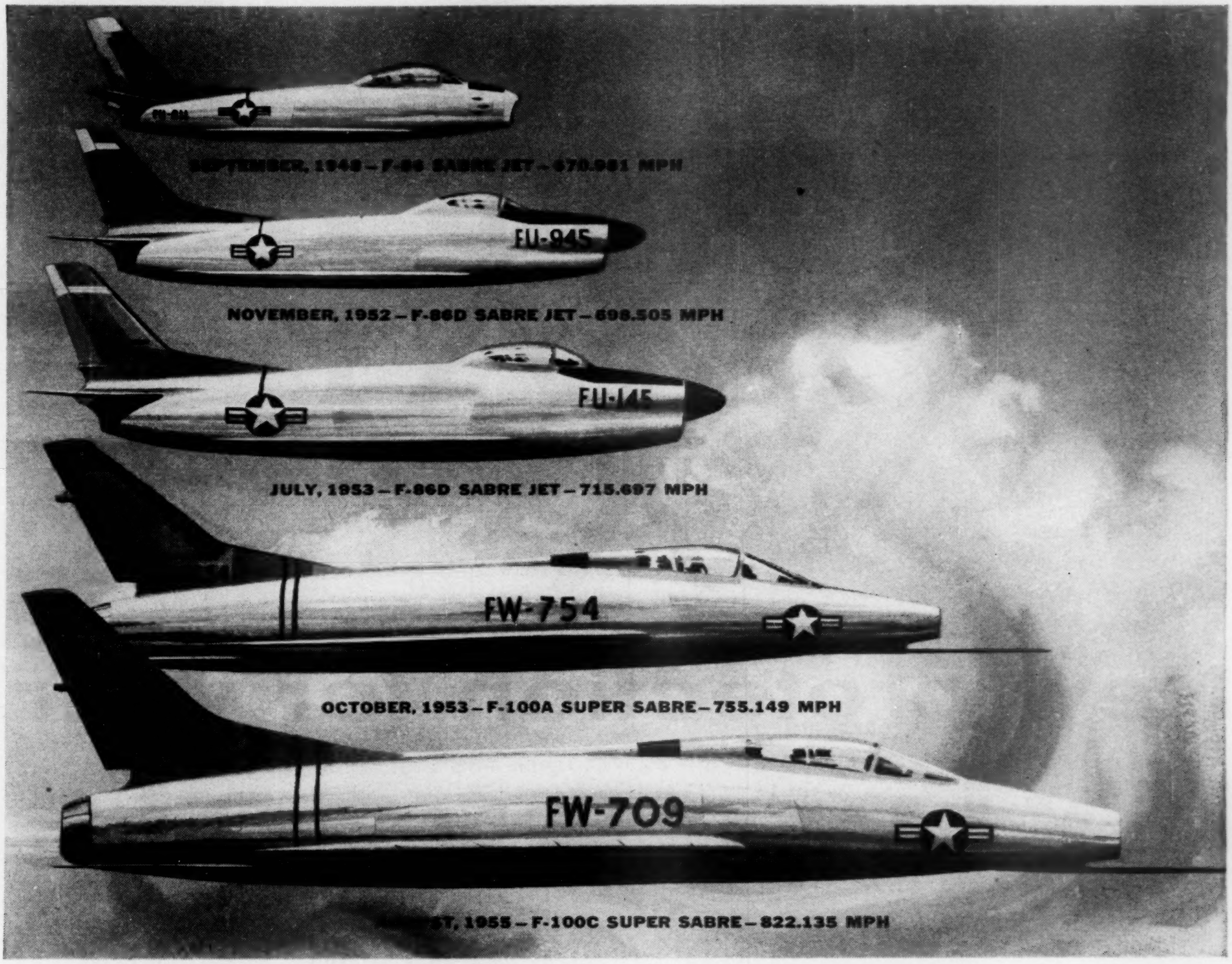
Early in the rebellion, Britain brought in armored cars and four-engined bombers. But neither worked.

Armored vehicles mired in the African mud, couldn't be maneuvered in the forests. The Royal Air Force dropped 500-pound bombs on suspected forest hide-outs, but finally decided that trees and elephants were the chief casualties.

The white troops now stick to machine guns, mortars and an occasional light bomb, dropped from a small plane.

The bulk of the fighting, though, remains the job of loyal Africans—skilled in stealth and tracking, and armed with weapons that gunpowder was supposed to have made obsolete. White settlers are convinced that these primitive warriors are more effective for this kind of warfare than European troops with modern weapons could ever be.

NORTH AMERICAN HAS BUILT MORE AIRPLANES THAN ANY OTHER COMPANY IN THE WORLD



SEPTEMBER, 1948 – F-86 SABRE JET – 670.981 MPH

NOVEMBER, 1952 – F-86D SABRE JET – 698.505 MPH

JULY, 1953 – F-86D SABRE JET – 715.697 MPH

OCTOBER, 1953 – F-100A SUPER SABRE – 755.149 MPH

AUGUST, 1955 – F-100C SUPER SABRE – 822.135 MPH

NEW AIR SPEED RECORD MARKS U. S. SUPERSONIC SUPREMACY

Year after year, record performances by Air Force pilots in North American planes help confirm our nation's superiority in the air.

Now, the *first supersonic* speed record–set by Col. H. A. Hanes in a North American F-100 SUPER SABRE* at a faster-than-sound 822.135 m.p.h.–is powerful, new proof of our Air Force's Supersonic Supremacy.

F-100s like today's record-holder have been delivered in quantity to the Air Force, and are now flying from U. S. Air Bases in America's first Supersonic Squadrons. They defend our skies as day fighters, fighter-bombers and in other specialized tactical missions. These ranks grow stronger daily with new F-100s from North American's Los Angeles and Columbus, Ohio plants.

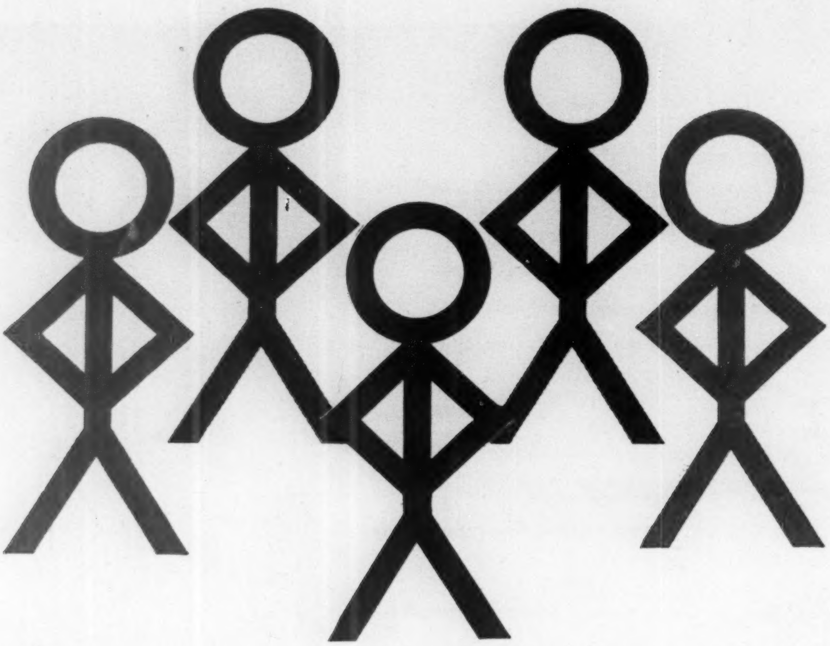
Another example of the research, development and production leadership that keeps North American in the forefront of aircraft, rocket engines, guided missiles, electronics and peaceful applications of atomic energy.

Engineers: North American offers challenging career opportunities. Write Engineering Personnel Office, Los Angeles or Downey, California; or Columbus, Ohio.

Engineering Ahead for a Better Tomorrow

NORTH AMERICAN AVIATION, INC.

*Reg. U.S. Pat. Off.



New protection for your living assets

John Hancock offers:

- **An exceptionally low-cost policy for those who can qualify as preferred risks.**
- **A "Select" class of policies at new low cost.**

Production quotas, customer relations, sales — business security itself — may be materially endangered if death takes a key man.

Your vital investment in key personnel can now be soundly safeguarded by John Hancock Business Security life insurance on key men, payable to your corporation. Cash values can provide additional retirement funds for those men who live to retirement.

Now John Hancock's Business Security life insurance is *lower in cost.* We urge that you decide soon to secure complete details.

For full particulars consult your John Hancock representative

John Hancock
MUTUAL LIFE INSURANCE COMPANY
BOSTON, MASSACHUSETTS

DEDICATED TO THE INDEPENDENCE AND
FREEDOM OF EVERY AMERICAN FAMILY

News YOU Can Use ®

IN YOUR PERSONAL PLANNING

24th and N Streets, N.W.
Washington, D.C.

The Post Office Department--just in time for Christmas mailing--changes its rules on sending messages inside of packages.

PACKAGED LETTERS. It used to be that putting more than your name and a written "Merry Christmas" or "Happy Birthday" greeting inside a parcel called for payment of first-class postage. Now the Post Office says you can put in a full letter and still get the cheaper parcel-post rate on the package.

This new, "combination" service is available for both business and personal mail. It can be used to send third-class mail inside second-class or fourth-class parcels, or first-class inside any other. Just indicate on the outside what kind of mail is enclosed, and pay postage covering each at the separate rates. For example, if you put in a letter, write "First-Class Mail Enclosed" on the package, and add a 3-cent stamp to the postage on the parcel.

PAYING POSTAGE. There is a $100 fine for mailing a letter inside a package without declaring so. Also, if the letter weighs more than an ounce, you must pay the proper extra postage.

CHRISTMAS PARCELS. In a separate reminder to the public, the Post Office makes these additional suggestions about Christmas mailing:

Allow 15 days for a package to be delivered cross country during the holiday crush; about four days by air parcel post. Marking "rush" or "special handling" on the package does no good unless the proper postal fee is paid. Special handling, incidentally, provides only extra-careful treatment in transit. For rush movement at the destination, use special delivery.

Putting on a special-delivery stamp doesn't provide indemnity if the parcel becomes lost. For that, you must use insured or registered mail. Only parcels sent at first-class rates can be registered.

AIR CONDITIONING. Does it harm your room air-conditioner to leave it mounted in a window, exposed to the elements all winter long? The Air Conditioning and Refrigeration Institute answers that question this way: All parts are made to withstand exposure, and cold weather isn't harmful to the unit's gas refrigerant or mechanism. Many people, however, have their air-conditioners removed for service checks and storage during winter months. Others leave them in and put on exterior covers--usually plastic--as extra protection and to prevent room drafts that may occur when strong winds blow directly at the unit.

(over)

TAX GUIDE. A special booklet to help farmers with their income tax problems has just been put out by the federal tax collector. It supplements the instructions which go to taxpayers along with their income tax forms, gives a check list of deductible items, and provides examples of tax problems of farmers. Copies are available, free, from field offices of the Internal Revenue Service, and from county agricultural agents. Title: "Farmers' Tax Guide."

INSURANCE. "Double indemnity" provided in a life insurance policy means twice as much, not payment for twice as long. That point arose in a case before the New York Supreme Court. A father had taken out a policy that provided payments to assure his children a college education, with double indemnity for accidental death. The insurance company wanted to make the stated payments over a doubled time, but the Court ruled that each payment had to be doubled.

SOCIAL SECURITY. Hiring a former employe as a consultant after he retires doesn't necessarily make him an independent contractor for purposes of Social Security tax. That's the gist of a ruling by the Internal Revenue Service. Classing the man as an independent contractor would relieve you of collecting Social Security taxes on what you pay him. Facts in the individual case govern, but if you contract for him to do virtually the same work as his old job, he may be held to be an employe.

PORK AND BEEF. You can expect a couple of changes in meat-marketing practices to show up in stores soon. One involves pork; the other, beef.

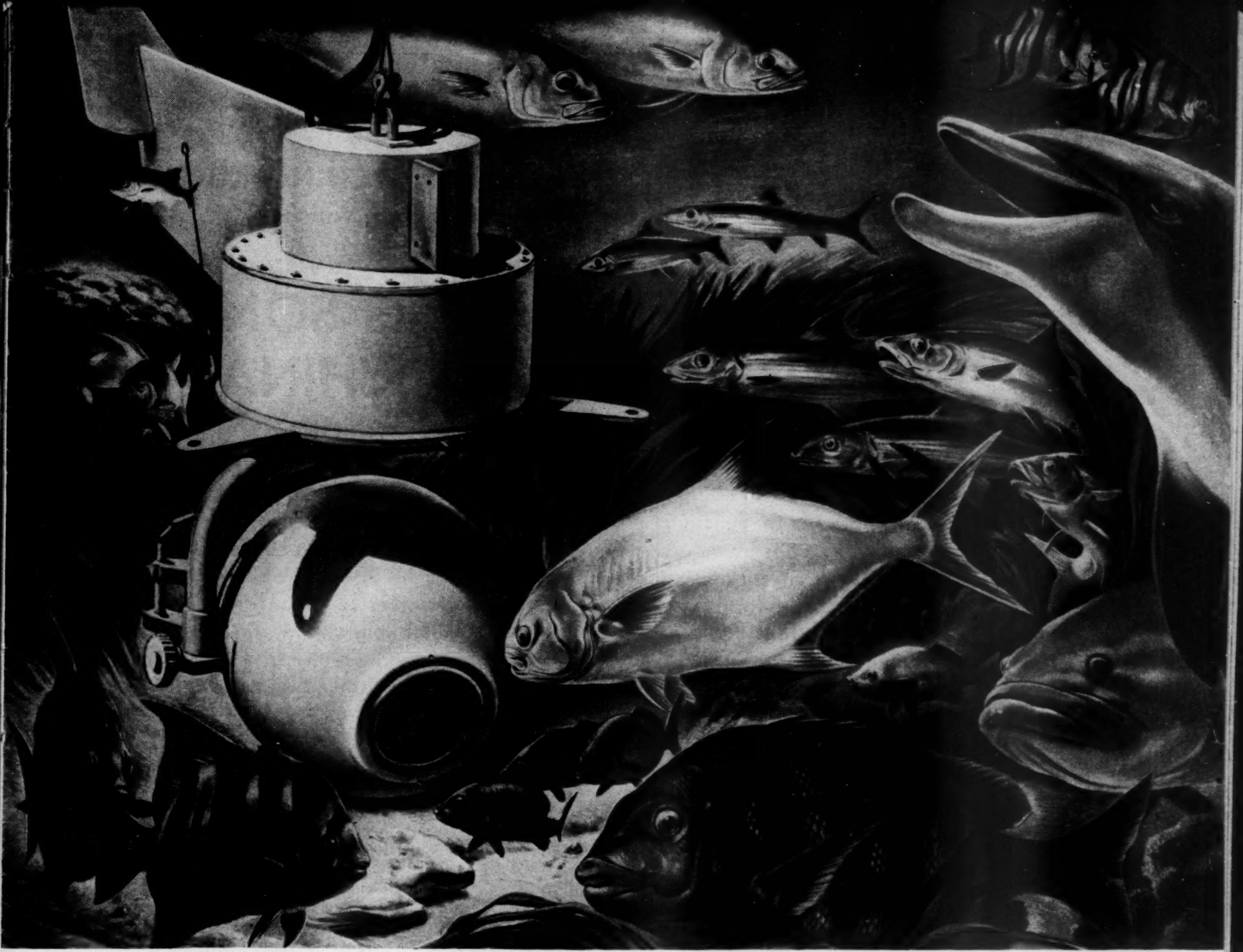
The American Meat Institute has recommended that its members start trimming more fat off pork products. Two major packers say they will do so. Others are expected to follow. That will mean pork chops, for example, with only 1/4 inch of fat, industry spokesmen say. They see no related boost in prices, though.

For beef, the Department of Agriculture has proposed a division of the present "commercial" grade into "standard" and "commercial." That would make separate classifications for lean, young beef and fat, less tender beef from older animals. The tenderer "standard" cuts would take less cooking.

YEARBOOK. The Department of Agriculture's 1955 yearbook--752 pages devoted to drought, floods and the normal sources and uses of water--is now available. Its title: "Water." Price, $2, from the Government Printing Office, Washington 25, D.C.

DRAFT. Look for young fathers to be put at the bottom of the draft list under new regulations due for announcement soon. Present rules work out so that a father is sometimes inducted before some younger, single man is tapped. Changes now under consideration would put single youths ahead of both fathers and of unmarried men who have passed their 26th birthdays.

TRAVEL TO RUSSIA. The State Department lifts passport restrictions on travel to Russia and most of her satellites. But don't get the idea the barriers now are down on tourist travel to Russia. You still must get a visa--a Soviet O.K.--and the Russian Embassy in Washington hasn't been exactly liberal in issuing them to ordinary tourists. Also, travel agents tell us that accommodations in Russia are quite limited and travel very expensive.



RCA TV camera encased in special diving bell televises the activities of sea life in sunlit waters off the Gulf Stream.

Now RCA puts TV underwater to help the Government protect marine life

In the Gulf Stream off Florida, a fish peers inquiringly into the glowing eye of an RCA television camera—ten fathoms underwater! As the camera moves through the darting schools of fish, U. S. Fish and Wildlife Service technicians on the surface hover over an RCA remote control TV monitor. From what they see will come new improvements in fishing techniques and equipment to help the government protect marine life.

It's only natural that the development of underwater television should come from RCA—for it was RCA that introduced black-and-white TV as a service to the public in 1939. Since then, more people have bought RCA than any other television. Today RCA pioneers again with Compatible Color TV—the system that lets you watch wonderful new color shows or black-and-white programs on the same set!

The electronic and engineering skill behind these achievements is inherent in all RCA products and services. And continually, RCA scientists at the David Sarnoff Research Center in Princeton, N. J., delve into new "Electronics for Living"—electronics to make life easier, safer, happier!

U. S. Fish and Wildlife Service technicians study fishing methods and equipment on an RCA remote control TV monitor.

RADIO CORPORATION OF AMERICA
ELECTRONICS FOR LIVING

Interview with LIEUT. GEN. CHIANG CHING-KUO

Son of Generalissimo Chiang Kai-shek

HERE'S HOW CHIANG'S SON PLANS TO WIN BACK CHINA

From a powerful but little-known "mystery man of Asia" come answers to questions of vital interest to Americans:

- **Can Chiang Kai-shek recapture China?**
- **Will an invasion launched from Formosa mean U. S. troops will get into shooting war?**
- **What about Quemoy and Matsu?**

For an authoritative view, *U. S. News & World Report* interviewed Lieut. Gen. Chiang Ching-kuo—son of Chiang Kai-shek and one of the real powers on Formosa.

Most Americans have never heard of Chiang Ching-kuo. But he is often discussed as the most likely successor to Chiang Kai-shek.

Regional Editor Robert P. Martin flew to Formosa for this interview—the first time Chiang Ching-kuo has ever talked in such detail for direct quotation.

At TAIPEI, Formosa

Q General Chiang, is there a real cease-fire in the Formosa Strait?

A Of course not. There is shelling by both sides and planes have been shot down by both sides. That's not a cease-fire situation. And it's only natural we won't allow ourselves to be made into sitting ducks.

Q What is the military situation in the Formosa Strait now?

A There hasn't been much change recently, although the Communists are still pushing their armies southward. And the strengthening of their airfields along the coast—these are a clear indication that the Communists have not given up the idea of attacking Taiwan [Formosa].

Q Why haven't they attacked the offshore islands, Quemoy and Matsu, or even Formosa, before this?

A Personally, I think they have held back in order to co-ordinate their "peaceful co-existence" ideas. That's why they have slowed down their preparations.

Q Do you mean they really want peaceful relations with the rest of the world? Is that why they are not attacking?

A No! That is impossible. What they mean by peaceful co-existence is creating a lull, which is actually just a prelude to further aggression.

Q When will this lull end?

A It's rather hard to predict the time exactly. But when the Communists feel they are strong enough, then they will certainly scrap their present peaceful attitude.

Q Can you defend the offshore islands alone, or would that require U. S. intervention?

A We will hold these islands desperately, with all the effort we have and all the strength we have. They mean life or death to us.

Q Have Communist Premier Chou En-lai's efforts to talk with the United States about withdrawing American forces from Taiwan affected morale here?

A Of course, all these negotiations and talk of negotiations have affected the morale here, but not to the extent of demoralizing us. Actually, the people and the soldiers now realize that the kind of things going on beyond our horizon—all of these mean we must become more self-reliant. We know we must work hard, in order to face any kind of international developments beyond our control.

Q Can you foresee any possibility of two Chinas—one on the mainland and the other here on Taiwan—developing from negotiations?

A Actually, we don't want to talk about two Chinas. It's absolutely silly. It only pleases the Communists. Two Chinas would eventually play into the hands of the Communists and that would mean one China—for the Communists. We don't want to talk about two Chinas because we know that would only benefit the Communists.

Q I don't understand. How would a free Taiwan—a separate China guaranteed by all the nations—how would that help the Communists?

A Regardless of what the Communists promised, they would attack us eventually. This is quite definite. They will have to fight us sometime. But if meantime this idea of two Chinas is established, that would discredit the traditional China—the Republic of China. That's why this theory won't stand up.

Q In other words, a peaceful settlement is not possible? Either the Communists would have to invade Taiwan and win or the Nationalists would have to return to the mainland and win?

A There is no other alternative than to go back to the mainland and finish the Communist regime in order to maintain peace, the real and factual peace.

Copyright 1955, By U. S. News Pub. Corp.

"No Alternative" to Attack on Mainland . . . Army Is "Keeping Young" . . . U. S. Aid? Ships and Planes Needed But Not Troops

Q Why don't the Nationalists return to the mainland now?

A Our return is a question of timing. We must be very sure that once we start the mainland comeback, that the people on the mainland are willing to rise up against the Communist regime. That would be the time to hit. It is only a question of timing.

Q Does that mean you are not certain, if you landed on the mainland this year, whether the people would support you and rebel against the Communists?

A Obviously we feel that preparations are not yet ripe for an invasion this year. Time and other elements are involved.

Q What other elements?

A Aside from timing, there is the element of the international situation, and the problem of our own strength. You see, all these mean a lot in our planning. Every step we take must be sure and aimed toward our goal.

To cite one instance, a very interesting one: A soldier was asked, "How many troops are on Taiwan?" The soldier answered, "We have around 600,000."

"How many are on the mainland?" The soldier replied, "Between 4 and 5 million." This fellow, the one asking the question, said ,"You know, you have only a very small force to fight a big one."

But the soldier knew what was pertinent in interpreting the views of our men. So he said, "Take a match and a tree—which one is bigger?" The other said, "Of course, the tree."

"Well," said the soldier, "the tree cannot light the match or start a fire. But if the tree dries up, the match can be used to start a fire, and that will burn down the tree."

Q Are the Communists, like the tree, "drying up" on the mainland? Are the people getting fed up with them?

A There is evidence of that. The Communists, for instance, are trying very hard to push their system of collective farms. They are also trying to abolish many of the Chinese written characters. They have substituted several hundred new words for the old ones—simplified characters, they call them—and you are not permitted to use the old ones. So they are trying to sovietize our farmers and our language. The Communists themselves admit that it is much harder to socialize, to sovietize, the country than it would be to liquidate the Nationalists. The people are beginning desperately to resist sovietization.

Q If you go back to the mainland, will you need American soldiers to help out?

A We do not need your ground forces. The Government has already laid down this policy. If your ground forces were involved, it would invite a lot of unpleasant controversies in your country. Being Chinese, we not only plan for ourselves, we must also take our friends into consideration.

Q How about American air power? Would you need our air intervention?

A We would like to have more planes and ships and do the job ourselves. Of course, if America decides to use its Air Force and Navy, naturally we would welcome it.

—Wide World

CHIANG CHING-KUO

Q How much more aid would you need to be able to deal with the Communist jet air force?

A We have far more pilots able to fly jet planes than we have planes. We could use many more fighters and bombers.

Q Do you have enough ships to attack the mainland?

A It's just like the Air Force. We have surplus men able to handle ships if we got them.

Q If the Nationalists invaded the mainland, would the United States have to guarantee your supplies—keep the supply line operating so you would have all the ammunition and equipment you needed?

A This is entirely an American problem, and we have nothing to say about it. We cannot persuade you. Of course, we hope that America will help by giving us the needed equipment. Not only equipment, but also give us moral support.

Q Is there any fear that the United States might withhold supplies after the invasion started, if there were threats from the Communists that continued help would lead to World War III?

A Returning to the mainland means life or death for us. We have got to do it. But remember, future military operations on the mainland will not be a conventional way of fighting. In conventional war, we would first land on the coasts, and then push on, from city to city, from province to province, until we slowly and gradually pushed up into the interior to liberate the continent of China.

Our future operation will not be like that at all. Once we land on the coasts, and we establish ourselves, the entire country will flare up; the people themselves will overthrow the Communist overlords and join with the Nationalist forces.

(Continued on next page)

. . . Nationalist Army is "very much better now"

Q Do you think entire Communist divisions might surrender, once you were on the mainland?

A I absolutely believe it will come that way—we will see defections of divisions and even larger units. There is one very important element: If the people on the mainland feel and believe that we have stabilized our beachheads, then there will be general revolution. Obviously this would be the best time for American aid and moral support, during this particular period when we are consolidating our hold on the beaches.

Q Would the Chinese on the mainland expect Russia to intervene if you land and show signs of being successful?

A There is a traditional dislike of Soviet Russia in China. In case of war, we would tell our people on the mainland that they are fighting for the Russians. And why should they fight their brothers in order to help aliens. This is one of the psychological-warfare methods we can use. This would hit the hearts of our people under Communist rule.

Q Do you think the Army of the Republic of Korea would attack the North Koreans if and when you invade the mainland?

A If they are smart, they will do that.

Q Where will the next Communist aggression take place?

A Now we have several lines—one in Korea, another drawn in Vietnam, and there is the so-called line across the channel here. The peak of their aggression will be reached when they attempt to cross these lines. They must cross these lines.

Q Why?

A If they cannot cross these lines, they cannot complete their mission, their "revolutionary" mission. So they have got to break through these lines. And that will spell their downfall—the beginning of their downfall.

Q How does the Nationalist Army compare now with what it was five years ago?

A Very much better now. Not in quantity, of course. We still have the same number of troops. But the quality has been increased to such an extent that right now our combat capability is actually greater than what we had on the mainland, when we had several million soldiers.

Q What do you mean by quality?

A Weapons, training and tactics, and so on.

Q Isn't a large part of the Army over age?

A This is no longer a problem. The ineffectives have already been removed. New blood is going in all the time now.

CHIANG CHING-KUO: "MYSTERY MAN OF ASIA"

CHINA'S NEXT LEADER?

This report on Lieut. Gen. Chiang Ching-kuo is an office memo written by Regional Editor Robert P. Martin, who conducted the interview on these pages:

TAIPEI, Formosa

ANY OF THESE PHRASES describe 49-year-old Lieut. Gen. Chiang Ching-kuo: The second most powerful man on Formosa; the mystery man of Asia; the most feared man on Formosa; the next leader of Free China. If you accept the Nationalists' claim that they will someday return to the mainland, then he probably will lead the invasion.

The reason for all these descriptions:

Chiang Ching-kuo—the Russian-educated son of Chiang Kai-shek—is Free China's psychological war expert, and head of its security police. He has organized the "decommunization" camps on the island; he was instrumental in the business that brought anti-Communist Chinese soldiers here from Korea because his men were working in prisoner-of-war camps, organizing the anti-Communists. He is the only top leader on Formosa who is studying the problem of how to combat Communist indoctrination if and when the Nationalists go back to the mainland. He has his plans well laid.

Few Americans other than our military people know Chiang Ching-kuo. He has generally shunned correspondents. As far as I know this is the first interview of any length in which a correspondent has been permitted to quote him.

This interview was held in the General's modest home in Taipei. It was in Chinese and required an interpreter. While we talked, we ate ham sandwiches and drank Chinese wine and tea. I saw him four times in five days.

After going over the final draft of the interview together, Chiang Ching-kuo took me to dinner. It was modest—pressed duck, noodles and yellow fish soup. We ate in a public restaurant, and few people recognized him. Those who did were startled. They stood and bowed. We had no guards, but we did eat in a private room and the meal was served in person by the owner.

Since the next day was Generalissimo Chiang Kai-shek's 69th birthday, the owner produced two bottles of very special wine that had been left over and treasured from the Generalissimo's birthday of a year ago.

Chiang Ching-kuo paid the bill himself and left a very modest tip. I'm sure this wasn't done to impress me. It's the way he lives. Frugality and informality are characteristic of him. On one occasion during our meetings he wore a plain business suit, but all other times he was dressed in slacks and a leather jacket. Most of his work is done at home. He doesn't have a pretentious office or hordes of servants around him.

During our talk, Chiang Ching-kuo revealed a deep distrust of the United States. He expressed fear that the U.S. is not stable in its antagonism toward Peiping and the Chinese Reds, and would sell out Formosa for peace. But at no point did he show any anxiety about the fate of Formosa or of the Chiang family.

What sort of a man is this Nationalist general, outwardly mild, friendly and unassuming?

It is hard to come up with a precise answer. Many Chi-

. . . "I was anti-Communist while I was in Russia"

Q Are Taiwanese in the Army now?

A Quite a number.

Q How many?

A I cannot remember the exact number.

Q Are they Regulars or Reserves?

A They have been integrated into the Regular Army. First they are given four months' training, after which they go back home. After a certain length of time, these men are called back into service and they serve between 18 and 20 months. After that they become Reserves again. This is keeping the Army young.

Q Would Taiwanese be willing to fight on the mainland?

A They are quite willing. During the four months' training, they are told why, through education, they should help. If you visit the Army, you won't be able to tell which soldiers are Taiwanese and which are mainlanders. They are completely merged.

Q Were you educated in the Soviet Union, General Chiang?

A Yes, at Sun Yat-sen University in Moscow.

Q How long were you in Russia?

A Twelve years, from 1925 to 1937.

Q What did you do during those 12 years?

A After going to Sun Yat-sen University, I went to military academy [at Leningrad], and after that I was sent to Siberia to work on a collective farm. Then I worked in a factory in the Ural Mountains.

Q Is that where you met your wife?

A Yes. She was a technician in the factory, and we were married there.

Q At the end of your 12 years in Russia, were you anti-Communist, or did you feel that Communism might be good for China?

A I was not only anti-Communist when I left Russia, but also while I was in Russia. That was why they banished me to Siberia and the Ural Mountains.

Q Did you believe that you were being held as a hostage by Stalin?

A Well, certainly I had no freedom there. Stalin wouldn't let me return to China until relations between Russia and China were restored.

Q For a long time now, there has been speculation that you are the heir apparent to your father, Generalis-

(Continued on next page)

nese hate and fear him. He controls the enormously powerful security police on Formosa. His subordinates control military and political security in the Nationalist armed forces. His anti-Communist National Salvation Youth Corps is a trained, rigidly disciplined organization that controls every high-school and university student on Formosa.

Other Chinese respect and admire him. He is ardently anti-Communist—perhaps the result of having lived in Russia for 12 years. Army officers who fear his political controls within their units frankly admit that he has wiped out much corruption in the armed forces. The soldiers look up to him and admire him because he has given them a better deal—more pay, better food, medical care and recreation. He is a bitter critic of the old bureaucracy, which, he feels, contributed so much to the loss of the mainland.

The general is a very complex personality. With a few sentences he can turn his Youth Corps into a horde of noisy hero-worshipers. I've seen peasants practically kiss his feet, and soldiers, almost dead with fatigue, snap back into proud attention when he walked by.

I was in Shanghai in 1948 during the "Eighty Days of Chiang Ching-kuo" when, as economic czar, he practically stripped the middle class of savings to help finance the civil war. There, he was cursed in the streets. Several years before, though, I visited his "model county" where, during the Chinese-Japanese war, he was using land reform and other social measures to prove that the Nationalists could win the support of the peasants. It was nothing like Shanghai.

There is no doubt that Chiang Ching-kuo is a tremendously powerful man. But what struck me most—and I have known him casually for 13 years—was the total lack of all the symbols of power you generally find in Asia.

As an example, we drove through the streets of Taipei without a guard. He calls his driver "Malenkov" for the obvious reason that the chauffeur resembles the Russian.

During one of our rides the general told a fascinating and revealing story about himself. Not long ago he was driving along the Formosa coast alone in his jeep and picked up a couple of hitchhiking officers. When they reached Taipei they paid him 20 Taiwan dollars [81 cents in U. S. money] for the lift. Did he keep the money?

"Of course I did," he said. "It would have embarrassed them to realize who I was."

I don't know, and neither does anyone else, whether Chiang Ching-kuo will succeed his father as Generalissimo of Nationalist China. The question is whether his power derives from his father, or from the organization he has built up. It probably comes from both.

You cannot be with him long without being impressed by his questing mind, his disdain for many of the things Americans call democratic rights—an impression that is balanced by a dedication and singleness of purpose that is rarely found in the Far East. He has an internal drive that gets him out of bed at 6:30 every morning and keeps him working at top speed until midnight. He also has an ability to relax and enjoy himself in spite of his terrific drive.

Chiang Ching-kuo is a man who obviously has few close friends. But in his presence you can never forget that he is a man who holds an awesome power to deal with the individual and to influence the future of Nationalist China.

. . . "Most of the people on the mainland are anti-Communist"

simo Chiang Kai-shek. Just what are your political ambitions?

A That is a curious question. It is almost an impossible question. After all, I am just a very ordinary person. I am anti-Communist, and I want to do my duty to the cause, just as any other anti-Communist would. I am dedicated to eliminating Communism, that's all.

Q How would loss of the offshore islands affect the future of Taiwan?

A The most important thing, the thing that really means life or death to us, is the morale on Taiwan. If we lost the offshore islands, our morale—the soldiers' and also the people's—would be very, very low. Our people on the mainland would feel frustration, and they would begin to believe there is no hope for their liberation.

Q You mean the anti-Communist Chinese on the mainland?

A Of course, and most of the people on the mainland are anti-Communist.

Q How is morale on Taiwan now?

A The morale on the islands, among both the soldiers and the civilians, is very high. They have confidence that eventually President Chiang Kai-shek will lead them back to the mainland.

COMMUNISM AND YOUTH—

Q Why are the Communists so successful in getting young people to work for them, not only in China but elsewhere in Asia?

A The Communists are experts in exploiting the weakness of the youths. You must understand what young people are like. First, the young have high curiosity; anything new, they go for it. Second, they all want to be Robin Hoods, and take away from the rich and give to the poor. They are against colonialism and capitalistic oppression. But the youth have difficulty distinguishing between right and wrong. Finally, the youths are very active, they are always eager to do something. They say: "Let's strike, let's go out and shout slogans and make trouble." So they begin to follow the Communist line, and then the Communists get control of them.

In other cases the youths find themselves violating the law. They may not be Communists, but they cannot go back. They've broken the law, and they suddenly find themselves slaves of the Communists. So you see, the attraction of Communism to the youth is really the weakness of the youth. The Communists exploit that to the fullest extent. The Communists say that religion is the opiate of the people. But it is Communism that is the real narcotic. They paint and disguise their weaknesses and wickedness in such colors as to make them appear virtues.

Q What is it the non-Communist world lacks that lets the youths go to the Communists? Leadership, or what?

A The main problem of the free world is lack of understanding of Communism and Communist methods. We have learned about Communism in Asia. We Chinese know it better than anyone. We learned it the hard way, by losing 12 million square miles of our country. The next problem is lack of unity in the free world. If there was unity, Communism could be easily eliminated. The Russians know that the free world lacks unity, and doesn't understand Communism; they know that these are our weak points, and they continue to exploit them.

Q Is there any indication that young Chinese on the mainland have become disillusioned with Communism?

A I don't want to say that all the youths on the mainland are disillusioned. But more and more of them are becoming that way. The Communists are experts at painting the future China and the future world in vivid colors. But they are really painting a devil. It's very easy to paint a devil, because no one has ever seen a devil. So you can paint it any way you like. But what you end up with, when you have the devil in your house, is quite different. It's like a big drunk or a bad dream. Inevitably you wake up or get sober. Some of the youths in China have already reached that stage.

In Shanghai recently, 124 youths, 20 to 21 years of age, were arrested and sentenced by the Communists. These youths had gotten together, and had adopted the slogan: "In 10 years we will overthrow the Communist regime." This kind of thing is quite widespread today throughout the length and breadth of China. Don't forget that the purge on the mainland—it's still going on—was aimed at the youth. They were becoming unstable, according to Communist statements.

Q Were these anti-Communist activities by the youths spontaneous, or were they promoted by Nationalist agents?

A Both, but they were largely spontaneous. When the Communists arrested the youths in Shanghai, they found copies of our broadcasts from Taiwan, which they had been distributing in Shanghai. These youths were not our agents. They were simply distributing news from Taiwan, news that everyone except the Communists wanted to read.

Q Is there any problem of subversion on Taiwan?

A Yes. This year we have uncovered, each month, an average of about 41 individuals involved in various cases.

Q Were those arrested mostly agents sent from the mainland?

A Some were sent from the mainland, but we've also found subversives here. The subversives here were inspired and organized by agents from the mainland.

Q Do the broadcasts made by former Nationalist officials on the mainland have any effect on the Nationalists?

A Not a bit. People actually pity those involved. They are like chickens in a cage. One of these days, when it pleases the Communists, they will cut their throats and eat them. We pity them. One ex-Nationalist official now serving the Communists confided to one of our agents on the mainland, "The reason that we can still live here is because of the assistance of Free China. But if you people are ever wiped out, we will have no chance of living at all. The Communists would kill us."

EX-REDS IN ARMY—

Q What is the attitude of the 14,000 Chinese Communist soldiers captured in Korea who chose to come here rather than be repatriated?

A Most of them volunteered to join our Army. We asked them one by one what they wanted to do. About 1,000 of them are now in psychological warfare. They have only one regret, and that is, they cannot see any Communists—they haven't any to fight. They want to fight them.

Q Did any of the 14,000 turn out to be agents, planted by the Communists?

A There were, yes, 83 of them.

(Continued on page 92)

IT'S HERE!

Capehart COLOR TELEVISION

The Capehart "Apollo" Color Television Set.

To bring you the colorful world you live in

This color television receiver is the brilliant achievement of an outstanding group of scientists and technicians working in the laboratories of the International Telephone and Telegraph Corporation and its Capehart division. For out of this cooperative effort in electronic research came the perfected "Apollo"—designed, engineered and manufactured by Capehart. The Capehart "Apollo" is a proven receiver, incorporating all the newest developments in color reception, with matchless performance and dependability. It's a major example of the imaginative thinking, technical proficiency and production skills that have made IT&T a world leader in electronics.

For full information on Capehart products, write Capehart-Farnsworth Company, Fort Wayne 1, Indiana.

INTERNATIONAL TEL AND TEL

IT&T

INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION
67 Broad Street, New York 4, N. Y.

. . . "Communists intend to use Nationalist uniforms in combat"

Q What did you do with them after you discovered they were agents?

A These 83 are now in the decommunization camp. All of them were old Communists, sent here for subversion, for murder. They were ordered to work among the 14,000 anti-Communist former prisoners of war, to cause friction.

Q Have you been able to re-educate any of the 83?

A No, not yet. They are still under training. When the training period is over, they will be given their freedom. They are professional soldiers, and probably will join our Army. You know, not only these men captured in Korea but many other POW's, those taken during the fighting for offshore islands—quite a number of them are now in the Army.

Q How many people have you put through the decommunization camps in the past five years?

A Over 5,000 have been re-educated.

Q Are they all free on Taiwan now?

A Most of them have been integrated in the Army. They are just like any other soldiers.

Q What are your ideas about indoctrination, not only in the Army but among civilians as well?

A This program of education, morale education, is based on two things. It is a kind of philosophy, but a philosophy that is easy for the ordinary person to understand. It is a philosophy of love and hatred. In love, there are three points: Know your country, love your country, offer your best to the country. On the hatred side there are also three points: Know your enemy, hate your enemy and eliminate your enemy. These are the points, the basic principles, in this program of morale education.

Q Were these principles lacking on the mainland, when the Communists were winning the war?

A It was exactly what was lacking on the mainland. We had no such education. When the Communists put up their slogan, "Chinese should not fight Chinese," the Nationalist troops laid down their arms, and let the Communists defeat them.

Here is another important point in this morale education. We are the standard-bearer of our tradition of 5,000 years, while the Communists on the mainland are traitors to the nation. We point out that during the 5,000 years of our history, we Chinese have had many setbacks, we have been defeated many times, we have been ruled by others. But every time, tradition, the standard-bearer of tradition, has always risen to rule the country again. When we were educating these 5,000 POW's from the offshore islands, we found it was easy to convince them that Communism was wrong.

Take the 14,000 ex-POW's from Korea. These people were troops from the mainland, and after they came over, it didn't take much time at all to get them back to a normal state of thinking. They felt they had been experiencing a bad dream. Now the dream is over. Now the Communists try to discharge from their rank and file the ex-Nationalist officers and men, because these people are considered undependable. The Communists know that, whenever there is a crack in the Iron Curtain, the ex-Nationalists want to escape through it and leave the nightmare behind.

The Communist way of doing things is something Americans find difficult to grasp. The Communists are mass-producing Nationalist uniforms, of the same color and material as ours. They intend to use the uniforms in combat. These uniforms would confuse our soldiers, who would not know whether the wearer was friend or foe. It would be difficult to distinguish which soldiers were ours and which were disguised Communists. No war has ever been fought like this—it's something the West cannot grasp. That is why this morale education is so important in fighting Communists.

Q One criticism often heard here is that too much time is spent on morale education in the Nationalist Army and not enough in training—

A It is most unfair criticism. We have good reasons for

(Continued on page 94)

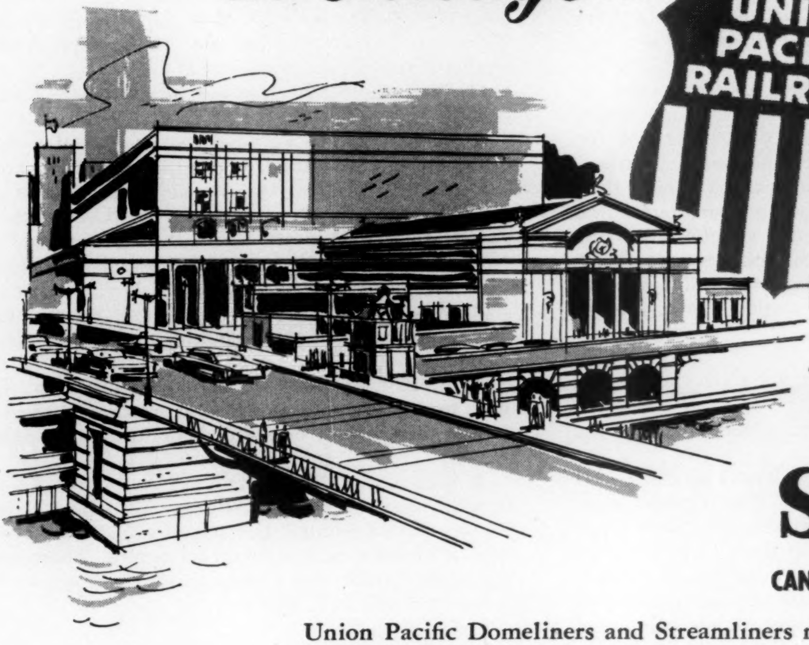
—United Press

THESE RED CHINESE, CAPTURED IN KOREA, CHOSE LIFE ON FORMOSA

"It didn't take much time at all to get them back to a normal state of thinking"

Our New Home in Chicago...

UNION PACIFIC RAILROAD



The UNION STATION

CANAL STREET AND JACKSON BLVD.

Union Pacific Domeliners and Streamliners now operate in and out of the modern Chicago Union Station via The Milwaukee Road between Chicago and Omaha. We know you will appreciate this improved service.

Domeliners

"CITY OF LOS ANGELES"
Daily service between Chicago and Omaha-Salt Lake City-Las Vegas-Los Angeles.

"The CHALLENGER"
Daily service between Chicago and Omaha-Salt Lake City-Las Vegas-Los Angeles.

"CITY OF PORTLAND"
Daily service between Chicago and Omaha-Portland-Tacoma-Seattle.

Streamliners

"CITY OF SAN FRANCISCO"
Daily service between Chicago and Omaha-Ogden-San Francisco.

"CITY OF DENVER"
Every night, overnight service between Chicago-Omaha and Denver.

• • •

All trains provide Pullman accommodations and reserved coach seats with leg-rests. NO EXTRA FARE or Coach reservation charge.

The money-saving Family Fare Plan applies on all Union Pacific trains.

• • • •

Enjoy restful travel by train and rent a new, insured Hertz car on arrival.

• • • •

Union Pacific, The Milwaukee Road and all Hertz Rent-a-Car agencies honor Rail Travel Credit cards.

UNION PACIFIC RAILROAD

. . . "Our strength is spreading to the countryside"

our education program. Actually, the ideological education takes up only 10 per cent of the whole training program. And we have problems. For instance, on the offshore islands the Communists shower propaganda leaflets on us. They tell our men, through loud-speakers, how well their family folks on the mainland are being treated. They do everything they possibly can, every day, to demoralize us.

If we do not have morale training, our soldiers would not be strong enough and firm enough to withstand such propaganda. Without our morale education, we cannot use the American equipment effectively. Without such education, our troops may defect to the Communists, and give their weapons to them. Is there any difference between our troops defecting with their equipment and our simply organizing a transport company to deliver your weapons to them? We would rather be criticized for giving such education to our troops than to turn into a Communist transportation company.

"NO COMMISSAR SYSTEM"—

Q What power do the political commissars have in the Nationalist Army?

A I have a correction to make here. We have no commissar system. Commissar is a Russian system. The Russian commissar watches the activities of the commanding officers. But our political workers are trying to help the CO in activities that have nothing to do directly with training and combat. He is an assistant to the CO, taking care of education, information and also recreation, by organizing mobile troupes of entertainers and by sending comfort to the troops. It is very unfortunate that our political workers are called "political commissars."

Even the term "Political Department" in our armed forces is often misunderstood. The term is a direct translation from the Chinese language. Actually, most of the work in our Political Department is what you Americans do in your Troop Information and Education, and your Special Services that provide recreation and entertainment.

Frankly, the Political Department in our military setup here is feared and hated by the Communists. The Communists know that unless this department is eliminated, the war would be too tough for them. If we did not have this setup, our troops would be stripped of their resistance to Communist ideology.

Q Do you consider the Nationalist underground on the mainland effective?

A We have gone through three stages. The first one was from 1951 to 1953, when our agents mixed easily with the people in the cities, and were welcomed by them. The second stage was between 1953 and 1954, when the people were so afraid of the Communists they would have nothing to do with our men.

Since last December, the situation has completely changed. The people want us. They would like to have some connection with Taiwan, even if it meant only giving our agents a little money or food. And now our strength is not confined to the city, but is spreading to the countryside.

Q Because of increasing antagonism toward the Communists or from confidence that the Nationalists will return to the mainland?

A Both.

Q Do you believe that Nationalist China lost the mainland because of a shortage of American supplies and equipment?

A That's a rather difficult question for me to answer. I would rather put my answer this way: The Americans had good equipment and a lot of it. But you never really understood, at that time, what the Communist intentions and methods were on the mainland of China.

Q Were there other reasons for your defeat on the mainland?

A At that time, we never considered that the Chinese Communists and Russian Communists were our enemies. Our people then had very vague ideas about Communism. It's different now. We understand the Communists. It is not exactly through education, but through personal experience. Now we and our friends understand that the Communists are not agrarian reformers, they are not the representatives of the poor. We know the Russian Communists are not liberators of those countries under colonial and semicolonial rule.

Q Judging by the last election in Indonesia, the Communists may not have to resort to aggression. If the Communists follow this pattern of political infiltration in Asia, what do we do?

A This is very simple. We can't do a thing. These countries invite Communism—like bedbugs. You don't have bedbugs, I don't have bedbugs, but some people have them because they have dirty and unhealthful homes. These people think they can handle the Communists, do business with them. You can't really help them.

ASIA'S "VITAL" PROBLEM—

Q Doesn't that make the problem of dealing with Communists in Asia very difficult?

A All these subversive actions in Burma, India, Indonesia and all over Asia, these are just sporadic incidents, not vital. If you get the mainland-China problem solved, the rest of Asia won't be dangerous.

Look at China today. The highways and railways are connected with Russia. Products are exchanged, Chinese industry is using Russian equipment. China has become an integral part of Russia. Before they got mainland China, the Russians could live fairly independently. But now, with China an integral part of Russia, with nerves and blood vessels woven into one fabric, when the China mainland gets into trouble, Russia is in trouble. If we solve the China problem, automatically the Russian Communist regime starts going downhill.

Q If the Chinese Communists succeed in their first Five-Year Plan—to industrialize—wouldn't that make them much stronger, much more difficult to deal with?

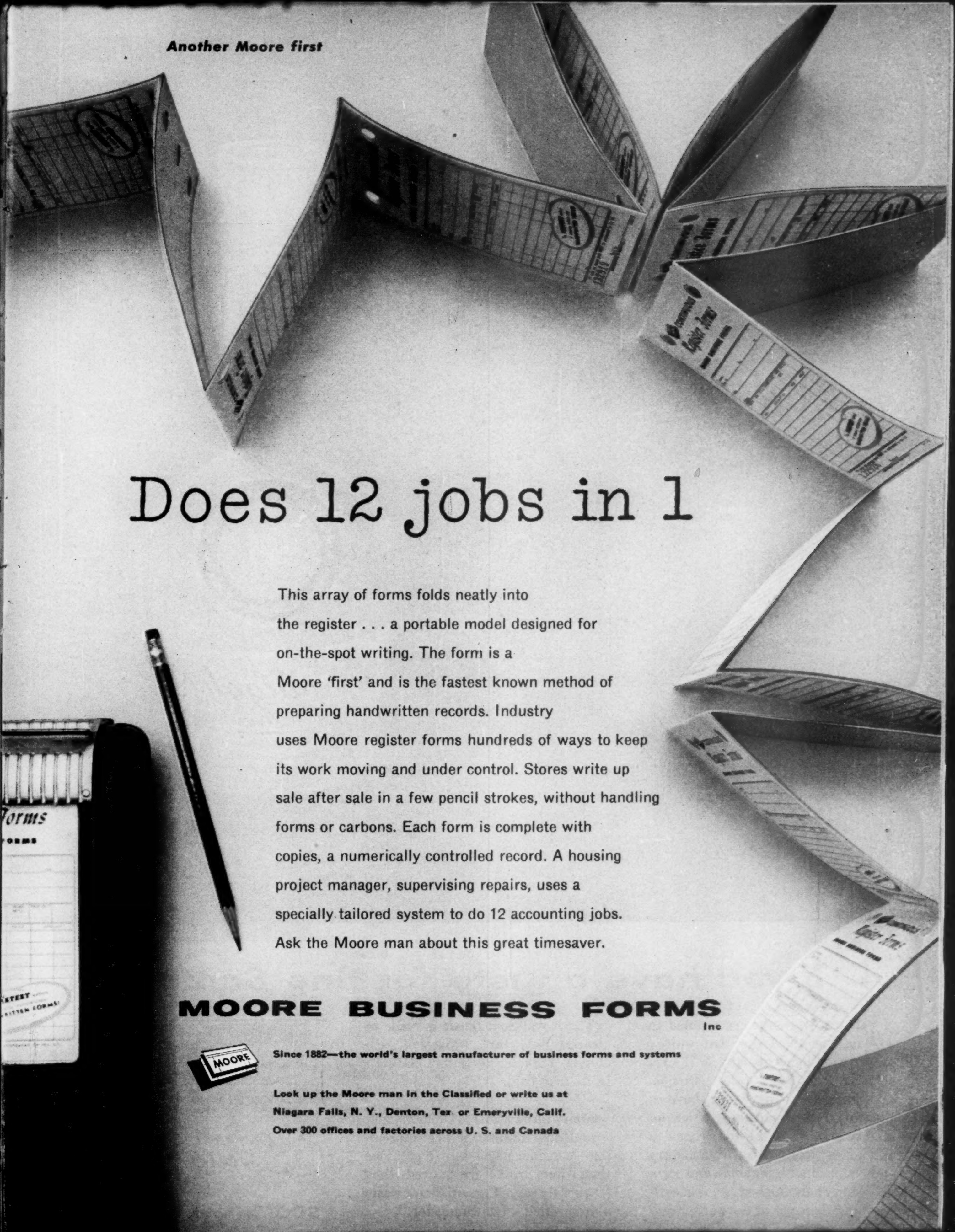
A Certainly if they complete their first Five-Year Plan, the problems that we confront will become more difficult. However, even if the Five-Year Plan is carried out successfully, that doesn't mean everything would be fine and the Communists would stay in power permanently.

Q How satisfactory are Chinese Nationalist-American relations and military co-operation now?

A Very satisfactory. Excellent, we are all very satisfied.

Q Do you see any circumstance under which Nationalist China would agree to meet with Communist China and the U. S. to work out a solution to the Formosa problem?

A A very simple answer: No!



Another Moore first

Does 12 jobs in 1

This array of forms folds neatly into the register . . . a portable model designed for on-the-spot writing. The form is a Moore 'first' and is the fastest known method of preparing handwritten records. Industry uses Moore register forms hundreds of ways to keep its work moving and under control. Stores write up sale after sale in a few pencil strokes, without handling forms or carbons. Each form is complete with copies, a numerically controlled record. A housing project manager, supervising repairs, uses a specially tailored system to do 12 accounting jobs. Ask the Moore man about this great timesaver.

MOORE BUSINESS FORMS
Inc

MOORE

Since 1882—the world's largest manufacturer of business forms and systems

Look up the Moore man in the Classified or write us at
Niagara Falls, N. Y., Denton, Tex. or Emeryville, Calif.
Over 300 offices and factories across U. S. and Canada

1835
SCOTCH WITH A HISTORY
PRODUCE OF SCOTLAND
OLD Smuggler
Blended SCOTCH Whisky
100% Scotch Whiskies · 86 Proof · Four Years Old
Blended and Bottled by Jas. & Geo. Stodart, Ltd.
Distillers, Forres, Dumbarton & Glasgow
IMPORTED BY W. A. TAYLOR & COMPANY NEW YORK, N.Y.
SOLE DISTRIBUTORS FOR THE U.S.A.

If you have a taste for fine Scotch

MEN WHOSE TASTES are attuned to fine Scotch know that whisky of superior merit usually is the result of long years of experience. Old Smuggler—illustrated above in the Royal Scot bottle—carries on quality traditions that date back to 1835. It is the Scotch with a history—developed with patience and scruple—and distinguished by great softness and delicacy of flavour.

The Royal Scot bottle is made of clearest glass; for a whisky of such choice character deserves to be seen in its true color.

Men who have tasted Old Smuggler—and their number is ever-increasing—consider its flavour so precious that when drinks are poured, they frequently say, "Careful, don't waste a drop—that's Old Smuggler."

Distilled, Blended and Bottled in Scotland
Imported by
W. A. TAYLOR & COMPANY, N. Y., N. Y.
Sole Distributors for the U. S. A.
BLENDED SCOTCH WHISKY ○ 86 PROOF

OLD Smuggler

SCOTCH with a History

WHERE PAY IS HIGHEST—

Same Job Brings More in One City Than Another

Union efforts to get equal rates of pay for comparable jobs all over the country, it turns out, still have a long way to go.

Just how much pay varies for the same jobs in different U. S. cities is shown in a new official survey of local rates.

In Chicago, a qualified secretary can expect to earn around $75 a week for doing the same kind of work as a qualified secretary in Memphis, only about 550 miles away. Yet the Memphis secretary, more likely than not, is making around $60 a week.

A truck driver for a Newark factory can expect to earn, on the average, about $47 a week more than a worker on a similar job in Atlanta and about $29 weekly more than in Boston or Denver.

Those examples point up the wide disparity among salaries and wages paid for similar types of work in cities throughout the United States. These, and many other striking differences, are set out in a survey of 17 key cities issued by the Bureau of Labor Statistics.

This difference in pay persists, for jobs almost identical in nature, despite union efforts to enforce industry-wide patterns on wages.

Top pay uncovered by the survey of 30 different jobs is the salary of a "leader" draftsman in New York. He earns $144.50 a week, on the average—or $41 more than an employe in the same job gets in Dallas.

The best-paying job listed for factory workers is toolmaking, at $106.80 a week. That is the average pay for the job in Chicago. On the other hand, a tool and die maker in Memphis gets $20 less in his pay envelope for the same 40-hour week.

Highest pay shown for office jobs is the $73.50 salary received by the average accounting clerk in Los Angeles. Similar work in Philadelphia pays $14 less per week. These rates are for "Class A" clerks.

The lowest wage listed by the survey is $37.20 a week for watchmen in Memphis. Among office salaries, Memphis also has the lowest—$39 for file clerks. A salary of $58 weekly is the lowest shown for employes in professional or technical jobs. This salary is earned by the average junior draftsman in Dallas. The survey finds that in the cities checked Memphis has the lowest pay levels in a majority of the office and plant positions.

Office workers, the survey also shows, find that Los Angeles pays the best sal-

(Continued on page 98)

PAY RATES ACROSS THE NATION (Average Weekly Pay)

For Office Workers . . . Mechanics . . . Drivers

	SECRETARIES	TYPISTS	PAYROLL CLERKS	AUTO MECHANICS*	CARPENTERS*	TRUCK DRIVERS*
NORTHEAST						
Boston	**$63.00**	**$51.00**	**$55.50**	**$78.40**	**$80.80**	**$68.00**
Buffalo	**$69.00**	**$57.00**	**$58.00**	**$82.80**	**$87.60**	**$71.20**
Newark-Jersey City	**$72.00**	**$57.50**	**$61.00**	**$85.20**	**$91.60**	**$97.20**
New York City	**$74.00**	**$57.50**	**$65.00**	**$86.00**	**$87.60**	**$85.60**
Philadelphia	**$68.00**	**$52.50**	**$56.50**	**$82.80**	**$91.60**	**$74.80**
SOUTH						
Atlanta	**$66.00**	**$51.50**	**$56.00**	**$69.60**	**$76.80**	**$50.00**
Baltimore	**$65.50**	**$55.50**	**$57.00**	**$79.20**	**$82.40**	**$66.00**
Dallas	**$67.50**	**$50.50**	**$57.00**	**$72.00**	**$79.20**	**$57.20**
Memphis	**$60.50**	**$48.00**	**$53.00**	**$68.00**	**$73.60**	**$53.20**
MIDWEST						
Chicago	**$75.00**	**$62.50**	**$65.50**	**$96.00**	**$100.40**	**$84.40**
Cleveland	**$74.00**	**$60.50**	**$64.00**	**$88.80**	**$88.80**	**$81.60**
Minneapolis-St. Paul	**$65.50**	**$52.50**	**$57.00**	**$84.00**	**$95.20**	**$76.80**
St. Louis	**$70.00**	**$56.50**	**$56.50**	**$85.20**	**$90.80**	**$80.80**
FAR WEST						
Denver	**$67.00**	**$53.50**	**$55.50**	**$82.80**	**$86.40**	**$68.00**
Los Angeles	**$76.00**	**$60.50**	**$68.00**	**$90.80**	**$92.00**	**$81.20**
Portland	**$72.00**	**$57.00**	**$62.50**	**$89.20**	**$95.20**	**$80.00**
San Francisco-Oakland	**$74.00**	**$60.00**	**$68.00**	**$98.00**	**$99.20**	**$87.60**

*Based on a 40-hour week, at average hourly earnings for straight time.

Basic data: Bureau of Labor Statistics

© 1955, By U.S. News Pub. Corp.

UNDERWOOD CORPORATION
ACCOUNTS RECEIVABLE DEMONSTRATION FORM
(For Underwood Sundstrand Adding Machine Models)
CHARGES
12.50
25.00
1.55

UNDERWOOD SUNDSTRAND ADDING MACHINE IS

The Complete Adding Unit

All Underwood Sundstrand Adding Machine Models handle forms as well as paper tape. Enables you to write the record and do the addition at the same time:

- Prepares duplicate monthly accounts receivable statements for ledgerless bookkeeping; balances pen and ink accounts receivable records simultaneously.
- Prepares duplicate bank deposit slips faster with more accuracy.
- Prepares employee payroll earnings statements, in duplicate, and computes net pay simultaneously.
- Does all the regular adding, subtracting, multiplying and dividing you should expect from a complete adding machine.

Call your Underwood Office for a demonstration of the complete adding unit for your own requirements.

UNDERWOOD UNDERWOOD CORPORATION

ONE PARK AVENUE, NEW YORK 16, N. Y.

This announcement is neither an offer to sell nor a solicitation of an offer to buy these securities. The offer is made only by the Prospectus.

$100,000,000

Radio Corporation of America

RCA

3½% Convertible Subordinated Debentures
due December 1, 1980
Convertible into Common Stock at $50 per share

The Debentures are being offered by the Corporation to holders of its Common Stock for subscription, subject to the terms and conditions set forth in the Prospectus. The subscription offer will expire at 3:30 P.M., E.S.T., on December 5, 1955. The several Underwriters may offer Debentures pursuant to the terms and conditions set forth in the Prospectus.

Subscription Price 102½%

Copies of the Prospectus may be obtained in any State only from such of the several Underwriters, including the undersigned, as may lawfully offer these securities in such State.

LEHMAN BROTHERS LAZARD FRÈRES & CO.

November 18, 1955.

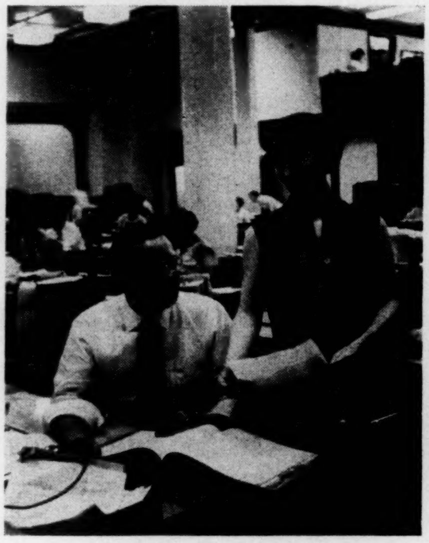
Pay along West Coast tops most areas . . .

aries for most of the clerical positions. Chicago heads the pay list in four categories.

Factories in the vicinity of San Francisco Bay are credited with the highest pay levels for seven types of factory work. Chicago's rates are best for five jobs.

Office salaries listed by the survey cover 13 different jobs.

Average pay for secretaries, taking all 17 areas together, is slightly less than $70 a week. Los Angeles is at the top, with pay of $76, followed closely by Chicago, New York, Cleveland and the San Francisco-Oakland area. A secretary earns from $65 to $70 a week in most of the remaining cities surveyed.



CLERICAL WORKERS
. . . bigger checks in Los Angeles

A typist with better-than-average skill receives from $48 to $62.50, as shown in the chart on page 97. If the typist is in the "Class B" group, with less skill, her salary will average somewhere from $40.50 to $53, depending on the city in which she works.

Salaries of payroll clerks as a rule are a little less than those of secretaries but better than the pay received by the typists. The survey finds that payroll clerks get salaries ranging from $53 to $68 a week. The lower average is paid in Memphis, while Los Angeles and the San Francisco area share top listing.

Pay checks are a bit larger for accounting clerks, as a rule. A skilled employe in this job earns $59.50, on the average, in Philadelphia. The salary level runs on up to $73.50—for Los Angeles.

If a clerk is doing a routine job of filing,

. . . *Southern wages generally are lowest*

the survey also shows, he or she will be getting something around $48 or $49 a week in Midwest cities and Far West areas. In a Southern city the salary will run about $40.

Salary levels vary nearly $16 a week for skilled operators of bookkeeping machines. If the worker happens to be doing this job in Atlanta, his or her weekly check will be $56.50, on the average, but the same job in Los Angeles pays $72 a week.

The pay check for stenographers also shows considerable variation between cities. For example, in Memphis the average pay on this job is listed as $51.50 a week. But a stenographer earns, on the average, $65 in San Francisco and Oakland; $64.50 in Los Angeles; $64 in Chicago; $59.50 in New York and $59.50 in the area of Newark and Jersey City.

TRUCK DRIVERS

. . . a $47-a-week variation in pay

A difference of $21 a week is found in the average pay of switchboard operators, taking Los Angeles and Memphis for comparison. The pay check runs around $61 in the former city, around $40 in Memphis.

Factory-wage levels also are reported for 13 occupations. For these jobs, the hourly pay given in the survey has been translated into weekly wages, on the basis of a 40-hour week.

The pay of an auto mechanic, doing maintenance work in a factory, is shown to vary from $68 a week in Memphis to $98 in the San Francisco area.

Drivers of medium-sized trucks collect

(Continued on page 100)

CLARK EQUIPMENT
moves mountains . . .

Schaefer
BTL-142
BTL-142
CLARK

. . . of empty beer kegs

On the Brooklyn docks, this Clark lift truck unloads empty beer kegs from a flat bed trailer—quickly, safely, inexpensively. This job illustrates how the science and tools of materials handling have vastly increased the productivity of the individual worker. Manually, it would take him hours to unload this truck. With a Clark machine, it takes minutes.

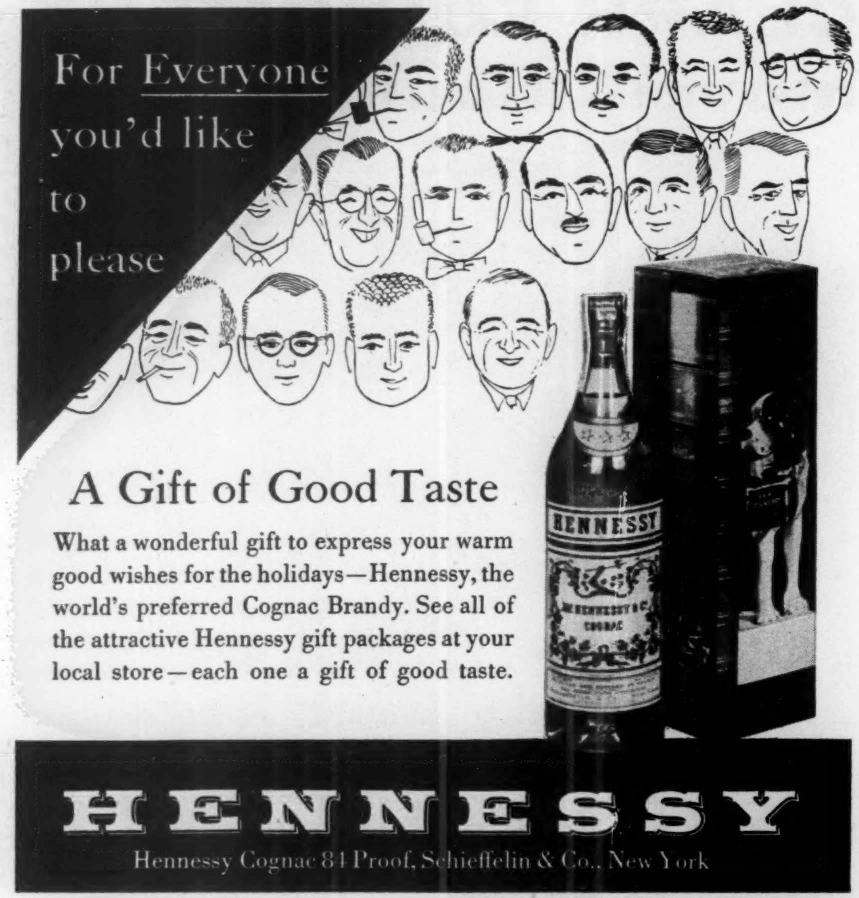
or dozes tons of overburden

Here's the new Michigan Turbo-Dozer handling "clean-up work" at a southern Illinois open-pit coal mine. As the enormous power-shovel (background) strips the overburden from the coal seam, the Turbo-Dozer darts in to doze away the loose rock and spillage. This new Clark machine is the first rubber-tire dozer to feature a turbocharged diesel engine. It has the power to handle heavy loads—plus the all-important speed to do its job and then *get out of the way* when the giant shovel comes back for another 38 cubic yard bite!

CLARK® EQUIPMENT

Michigan is a trade mark of
Clark Equipment Company, Buchanan 124, Mich.

For 50 years, specialists in the basic business of Transmitting Horsepower to Multiply Manpower



For Everyone you'd like to please

A Gift of Good Taste

What a wonderful gift to express your warm good wishes for the holidays—Hennessy, the world's preferred Cognac Brandy. See all of the attractive Hennessy gift packages at your local store—each one a gift of good taste.

HENNESSY

Hennessy Cognac 84 Proof, Schieffelin & Co., New York

Quincy COMPRESSORS

QUINCY MAKES THE BEST AIR COMPRESSORS

21 Models From 1 to 90 c.f.m.

QUINCY COMPRESSOR CO.
Dept. US-40 QUINCY, ILLINOIS

Sam Posen, President, Beltone Hearing Aid Co. always carries his

minox camera

because, as a precision-minded scientist, he appreciates the exact engineering that created the world's tiniest camera. Mr. Posen uses his Minox to microfilm intricate electronic circuits, case histories, displays, meetings, and to record family events.
fast f/3.5 lens.
all speeds to 1/1000 sec.
weighs but 2½ oz.

minox III-S with chain and case 139.50

WORLD'S MOST FABULOUS GIFT!

at all better camera dealers! for literature, write Dept. O

KLING Photo Corp.
235 Fourth Ave.
New York 3, N. Y.

Janitors: $40 to $65.60 per week . . .

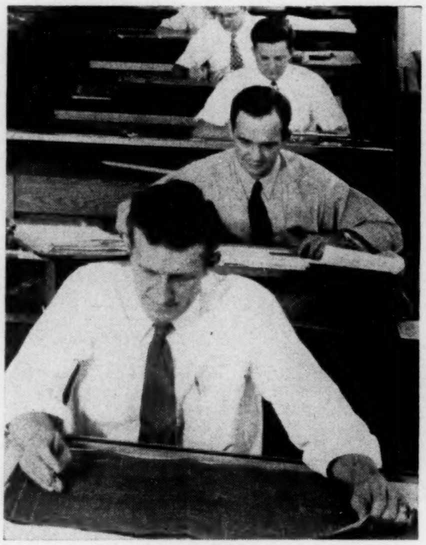
$50 a week, on the average, if they work in Atlanta, but $97.20 in the Newark-Jersey City area.

In some areas, a carpenter employed by a factory gets better pay than an electrician, but this is not always true.

Pay checks for carpenters range from $73.60 a week, at a factory in Memphis, to $100.40 in a Chicago plant. The hourly rate for carpenters is $2.30 or higher in five areas. Only in Memphis, Atlanta and Denver is it below $2.

Maintenance electricians get $2.10 an hour or more in all 17 areas covered in the survey. Weekly pay varies from $84 in Dallas to $99.60 in Chicago.

The wage rate for machinists who do maintenance work in factories is shown to be more than $2 an hour in all cities studied. By the week, the machinist is getting an average of $82 in Dallas and on up to $98.80 in Chicago. Near the top of the scale for this job are St. Louis and Los Angeles.


DRAFTSMEN
. . . high on the pay ladder

The scale of pay for painters working in factories starts lower than that of the machinists, but it goes higher in some cities. A painter in Chicago earns $102, on the average. In Boston and Memphis the pay is $72 weekly.

Among the lower-paid jobs studied by the Bureau, Memphis shows up in bottom position for five categories of wages. For these five jobs, the area of San Francisco Bay heads the list of pay rates. These workers include janitors, getting from $40 to $65.60 a week, and helpers on maintenance jobs, $47.60 to $79.60. The sur-

. . . Industrial nurses draw $67 to $80.50 weekly

vey also reports that laborers receive $45.60 to $77.60.

Professional jobs also are covered by the survey, as are technical positions.

A "senior" draftsman, for example, can expect to be paid about $100 a week in Chicago, Philadelphia and Cleveland, but his salary is around $82 a week if he works in Dallas.

A draftsman with less experience, the survey shows, is getting from $20 to $30 a week less than the "senior" position pays in most areas. In Dallas the average "junior" draftsman earns $58 a week.

An industrial nurse finds from the survey that the salary for this position averages $80.50 in Los Angeles, $78 in New York and about $75 a week in Baltimore, Buffalo, Chicago, Cleveland and the San Francisco area. An average of $67 for industrial nurses is reported for Boston, with slightly more in Denver, Memphis and St. Louis.

Raises: Higher Than Last Year's

Pay increases being granted in current wage negotiations are running well above the raises given last year.

A check of more than 3,900 agreements signed so far this year shows that 54 per cent of them gave raises of more than 6 cents an hour. For the same period last year, 38 per cent of agreements were in that bracket.

Of this year's agreements, 2,101 call for wage increases of 7 cents an hour or more, while 1,560 are for less than 7 cents. No raises were given in 241 contracts.

Examples of wage increases recently announced include:

- A pay raise of 10 cents an hour, plus a fund for payment of supplemental benefits when a worker is laid off, won by the CIO Steelworkers Union at the National Can Corporation.
- A wage increase of 12 cents an hour granted to the AFL Potters Union in a settlement covering about 15,000 workers. The contract is with the United States Potters Association.
- An increase of 20 cents an hour granted to AFL Electrical Workers by building contractors in Los Angeles. Another raise of 15 cents comes in July.
- Four new agreements announced by the CIO Communications Workers. One of them covers 22,000 employes of the long-lines division of American Telephone and Telegraph Company and gives raises of $2 to $3.50 a week for operators, $2 to $7 for plant employes.

You can see
20 years ahead
in NORTH CAROLINA

You can locate your plant in North Carolina with an extra measure of *security* in your future.

You can *see ahead* in North Carolina because North Carolina is a "going" concern in all phases of its industrial development.

You find a *business-like government* headed by a businessman governor in North Carolina.

You employ workers in North Carolina who are reliable and industrious—people who believe in their churches, their community organizations, their government.

You share the growth opportunities North Carolina provides for diversified industries. Some of the companies are pictured, with managements' comments, in the brochure "Industrial Location Factors." A copy will be sent immediately upon request to Ben E. Douglas, Director, Department of Conservation & Development, Raleigh 9, North Carolina.

Friendly North Carolina
Where Industry Prospers

PUBLIC AID FOR PRIVATE SCHOOLS? CATHOLIC AND PROTESTANT VIEWS

Welfare Benefits for Church Institutions Are at Issue

Should tax money be used in this country to benefit church schools? Is it a responsibility of taxpayers to provide for the "health, safety and welfare" of the 4 million students in Catholic schools, as well as those attending other U. S. schools?

Those are the issues now being posed by the Catholic bishops of the United States.

With the whole question of federal aid to public schools about to come before Congress, the bishops make it plain that they believe their parochial schools deserve aid as well.

Their statement, below, is followed by a reply from a Protestant group.

CATHOLIC BISHOPS SAY: ALL STUDENTS SHOULD BE HELPED

Following is full text of a statement issued in Washington, D.C., on Nov. 19, 1955, by the National Catholic Welfare Conference on behalf of the Roman Catholic bishops of the United States:

Freedom under God is America's dearest treasure. Its roots lie deep in her Christian heritage, and its germ is the concept of man's personal responsibility to his Creator for his temporal and eternal salvation. Here in America, freedom has flowered in an ordered democracy, which guarantees to her citizens the widest latitude of individual expression within the framework of commonly held principles of justice, decency and law.

To preserve freedom, America must teach freedom. It is in the schools of the nation, pre-eminently, that this educative process is carried on. It is in the classroom that the principles underlying our Christian concept of human liberty must be defined and inculcated, if future generations are to appreciate, defend and preserve it. But that this be done, it is an absolutely necessary condition that the schools of America should themselves be guaranteed their rightful freedom to teach the truth.

Historically and actually our nation has been blessed with educational freedom. Her school system is not a closed, unitary creation of the state, a servile instrument of governmental monopoly, but one which embraces, together with the state-supported schools, a whole enormous cluster of private and church-related schools, including many of the most honored names in the entire educational world, and devoted to the education of many millions of the nation's youth.

That these private and church-related schools serve a minority in America, by sheer numerical computation, is a purely incidental factor, and it is plainly unrealistic thinking to discount their importance on that score. Indeed, it is unrealistic to belittle in any way the schools in which more than 5 million young Americans are currently receiving their education. These schools, emphatically, are an integral part of the American educational system. And, so long as our nation is faithful to her principles of justice and due process of law, these schools will remain a permanent part of that system.

It is not without significance that the private and church-related schools were the first in the field of American education. For well-nigh two centuries, during our colonial and early national periods, they occupied that field alone. It was from such schools, as from fruitful seed beds, that there came the guiding intellectual and moral impulses which led to the definition and establishment of American freedom, no less than the leadership which launched the young republic on her career in history. The familiar pride of a Daniel Webster in his alma mater, which was both private and church-related, is echoed by countless other Americans in all walks of life and at all stages of our growth. And it is demonstrably a faulty interpretation of the mind of such a liberal theorist as Thomas Jefferson which would present him as champion of a monopolistic state system of education.

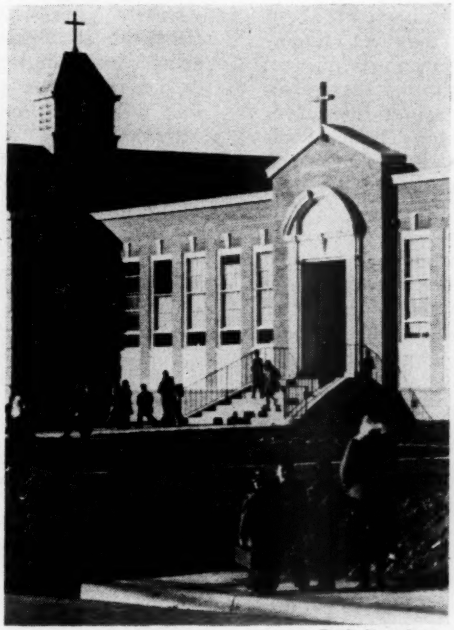
As Catholics, our memory is stirred by the recollection of the valiant efforts of our religious founders in this country to provide, out of their slender resources, for the educational needs of their people. We think of young John Carroll, destined to be our first bishop, conning his lessons at Bohemia Manor, in colonial Maryland. The torch he grasped there was to be carried by myriad hands to enkindle brighter fires from end to end of our expanding nation.

It is with honest pride that we survey the development of Catholic education in America, so intimately a part of her cultural growth, so deeply intertwined with the traditions and aspirations of her people. The Catholic school has matured with the Church, a joint product of the foresight of the bishops and the enlightened generosity of her faithful. It is no foreign importation, no alien growth, but a sturdy native plant, a conspicuous example of a common religious impulse working under the favorable conditions of our republic.

The rise and vigorous expansion of the American educational system is cited, correctly, as one of the major achievements of Western civilization. During the past hundred years, in particular, general education, sponsored by States and communities, religious groups and private bodies, has come very near to the goal of providing adequate educational opportunities for every American. It would be blind prejudice which would refuse to acknowledge, in this connection, the tremendous accomplishment of the public educational agencies. Whatever uneasiness may or must be felt on the score of educational theory and philosophy as illustrated in large areas of American teaching, the plain physical fact of the school system is a matter for unanimous congratulation. This, at least in part, is what freedom has achieved.

But if the unparalleled growth of the schools supported by public funds is a mighty tribute to America's zeal for learning and her ambition to build an intelligent democratic society, no less astonishing has been the growth and accomplishment of the private and church-related schools during the same relative period. In candor, it deserves to be said that their record affords an even more impressive example of the American spirit at work, for it has been brought about not by the advantage of public funds nor by the spur of legislative mandate, but by the free co-operation of those convinced of their importance and necessity. It is, incidentally, wholly erroneous to conceive that these schools represent a diminishing force in the American educational system. Their growth today, proportionately, equals where it does not actually exceed that of schools maintained by public authority.

Let this be fully understood: Private and church-related schools in America exist not by sufferance but by right. The right is implicit in the whole concept of American freedom and immunity from totalitarian oppression and in the constitutional framework of our Federal Government and of the several States. Under attack it has been rendered explicit by the decision of the Supreme Court of the United States in the celebrated Oregon school case.


–Frank Alexander

Thus far, happily, the right of the parent to educate the child has not been successfully challenged in any American court. The country agrees that this right is basic to the definition of freedom. Be that education provided by the state-supported school, the private school or the church-affiliated school, the choice of the parent is decisive. If the state has a concurrent right to decree a minimal education for its citizens, as a vital necessity in a modern democratic society, that right does not extend to an arbitrary designation of the school or the educational agency.

It is, rather, a general right, limited by the primary right of the parent to exercise his choice according to his best wisdom and his conscience. Indeed, it is worth remarking that while the state may usefully engage in the business of education, as demonstrated in our national experience, it has no authority either to monopolize the field or to arrogate to itself exclusive privileges and powers. The state, by definition, is not itself primarily an educative agency.

The right of the parent to attend to the child's education is, moreover, antecedent to any human law or institution. It is vested in his very nature and is demanded as a fulfillment of his actual parenthood. In this it reflects the inviolability of the human person and his freedom under God. It is indeed a right which must be exercised in accordance with sound reason and consistently with the just demands of society, but it remains fundamentally intact in the parent's keeping. It is a manifestation of the law of nature in concrete action. So it is that private and religious education in America rests upon the law of nature as well as upon the law of the land.

For Catholic parents there is an additional imperative. As they willingly accept the obligations of their faith, they realize that the mind of the Church on so important a subject as education cannot in conscience be ignored. As this mind is interpreted for them by their spiritual leaders, the bishops, they know that the circumstances of modern life demand the positive training of their children in the fundamentals of religion, a training which cannot be soundly imparted elsewhere than in schools dedicated to the purpose. As conscientious Catholics, they "think with the Church"; with supreme confidence in a divine wisdom, and with magnificent generosity, they have provided the indicated means, the Catholic school.

It is dangerous thinking to suppose that the existence of the private school is an infringement upon the domain of the school supported by public funds. The private school is a concrete demonstration of the fact that education is not a monopoly of public authority. It should be added, moreover, that the private school provides a saving and challenging variety in the total system, beneficial to the whole and manifestly fruitful in its effects. Those who would seek to abolish the private school would not only sin against justice, they would destroy something very precious in American life.

Neither is the church-related school a limitation on the right of the state to insure an educated citizenry. It exists not only to fulfill the function of education in our democratic society, but specifically to educate the Christian for his dual citizenship in time and eternity. It exists to teach not only the content of the accepted curriculum, but that which the tax-supported school under present conditions may not teach, namely, positive religion. Other nations, with varying success, have attempted general educational systems in which provision is made for religious instruction in separate church-related schools.

Practical considerations, in view of wide religious differences, almost from the outset prevented the American tax-supported schools from following this pattern. There are those now, even among public-school educators, who regret the development, involving, as it has, the risk of religious indifferentism and secularism. The solution of the problem is indeed difficult. The alternative, so far as the religious bodies

. . . "Private and church-related schools exist by right"

who believe education essential to their mission are concerned, is the school under religious auspices.

The Catholic Church in America, to cite only a major example, recognized this alternative as far back as 1852, when the First Plenary Council of her bishops earnestly recommended the parochial school as the necessary safeguard of the faith of her children. Thirty-two years later, at the Third Plenary Council, the recommendation was strengthened and enacted as law: The school was to be a part of every well-organized parish. Today, with a total enrollment, from kindergarten to graduate school, of more than 4 million American youth, the vision of the fathers has taken on monumental impressiveness. Fully in keeping with the American tradition, it is perhaps the greatest achievement in general education under religious auspices and without government support the world has ever known.

The fact, we submit, bears repetition: The private and church-related schools are part of the American system. Manifestly, they exist; they exist by right; and they are unquestionably carrying a large share of the educational burden. Their teachers, religious and lay, have dedicated themselves to a high purpose, have labored hard to acquit themselves worthily, and the entire nation is their debtor. These schools have every claim in fact and in justice to be recognized as powerful contributing factors in the building of a better and freer country.

They have their critics, and among them none more vocal than those who assert that these schools introduce an element of divisiveness into American society. It were idle to attempt to argue the point with those who deliberately employ it to foment disagreement, but for the sake of those who are honestly confused, it is worth examining the charge. Upon what does it rest? Is it justified in the observation that private schooling and religious education have actually tended toward a sundering of the bonds of civil unity and common loyalty?

It is true that in the case of the religious schools there is a difference, inasmuch as they exist to teach positive religion as the integrating element of the curriculum. But, surely, religion itself is not a discordant factor in American life. Surely, Christianity, with its primary inculcation of love of God and love of neighbor, is not divisive. Only those who teach hatred teach division; those who teach love teach unity. How can it be, then, that religion in the school should be accused of sowing the seeds of national discord?

Rather, it is not obvious that positive Christian training, with its emphasis on the sanctions of divine law, of the natural law and of civil law, on the social nature of the virtues of justice and charity, on the moral obligations of patriotism and public service, provides the strongest cement that can possibly bind a nation together? Criticism of these schools at times seem to forget that we are a pluralistic society that postulates not uniformity but rather unity in variety.

Church-related schools reflect nothing so clearly as that American spirit which demands unity in the essentials of citizenship while defending to the death those things in which the citizen is guaranteed his freedom.

What, then, is the place of the private and church-related schools in America? Their place is one dictated by nothing more than justice and equity, and accorded the recognition of their worth. They have, we repeat, full right to be considered and dealt with as components of the American educational system. They protest against the kind of thinking that would reduce them to a secondary level, and against unfair and discriminatory treatment which would, in effect, write them off as less wholly dedicated to the public welfare than the state-supported schools. The students of these schools have the right to benefit from those measures, grants or aids which are manifestly designed for the health, safety and welfare of American youth, irrespective of the school attended.

This statement is submitted in quiet confidence that the national sense of justice will stand firm, and that a cordial appreciation of private and church-related schools, both for what they are and for what they have done for America, will see to it that they are preserved and upheld so long as this is a nation of free men.

Signed by members of the administrative board, National Catholic Welfare Conference, in the name of the bishops of the United States:

EDWARD CARDINAL MOONEY, ARCHBISHOP OF DETROIT
SAMUEL CARDINAL STRITCH, ARCHBISHOP OF CHICAGO
FRANCIS CARDINAL SPELLMAN, ARCHBISHOP OF NEW YORK
JAMES FRANCIS CARDINAL MCINTYRE, ARCHBISHOP OF LOS ANGELES
KARL J. ALTER, ARCHBISHOP OF CINCINNATI
FRANCIS P. KEOUGH, ARCHBISHOP OF BALTIMORE
JOHN J. MITTY, ARCHBISHOP OF SAN FRANCISCO
RICHARD J. CUSHING, ARCHBISHOP OF BOSTON
JOSEPH E. RITTER, ARCHBISHOP OF ST. LOUIS
JOHN F. O'HARA, C.S.C., ARCHBISHOP OF PHILADELPHIA
EMMET M. WALSH, BISHOP OF YOUNGSTOWN
THOMAS K. GORMAN, BISHOP OF DALLAS-FORT WORTH
MATTHEW F. BRADY, BISHOP OF MANCHESTER
MICHAEL J. READY, BISHOP OF COLUMBUS.

PROTESTANTS REPLY: "THE BISHOPS DEMAND SUBSIDY"

Following is full text of a statement by Glenn L. Archer, executive director of Protestants and Other Americans United for Separation of Church and State, released in Washington, D.C., on Nov. 22, 1955:

Eloquence, artifice and studied nonsense are the outstanding characteristics of the 1955 annual statement of the Roman Catholic Bishops of the United States released in Washington on November 19.

Though the bishops' statement expatiates at length on the glories of the parochial-school system as a supreme example of private co-operative effort free of government support or control, it is written for the express purpose of justifying a demand for government aid and legal recognition of parochial schools as "an integral part of the American educational system."

The bishops say truly that "to preserve freedom, America must teach freedom"—but this it cannot do by subsidizing a sectarian school system which teaches the negation of freedom. A dispassionate examination of the textbooks and teaching materials used in Roman Catholic parochial schools will reveal that far from teaching (as the bishops would have us believe) "a Christian concept of liberty" and "the inviolability of the human person and his freedom under God," such schools systematically exalt their "one true religion" while teaching that all other religions are "counterfeit."

. . . Protestants: "Bishops' case collapses like house of cards"

This is shown by such basic textbooks as "Living Our Faith," book 3 of "The Catholic High School Religion Series," published under the imprimatur of Francis Cardinal Spellman in 1945 and 1946 by William H. Sadlier, Inc. The passages in this textbook dealing with non-Catholic religions display not only an overweening contempt towards the latter but also a choice of words emphasizing the doctrine that the "one true religion," Roman Catholicism, must attain a legally recognized monopoly position in the national culture, just as legal tender is established by government authority and "counterfeit" money suppressed. For example, "Living Our Faith" treats of "False Worship" under the heading, "Subject 24," and observes, in part:

> "COUNTERFEIT RELIGIONS. The material, size, and shape of the paper and metal money in the United States is determined and authorized by the Government. No other money is legal tender, and any other agency issuing such money is guilty of counterfeiting. In the same way, non-Catholic methods of worshiping God must be branded counterfeit. . . ."

Well may the bishops observe that, "Only those who teach hatred teach division; those who teach love teach unity"! The only "unity" that is envisioned in the teaching of Roman Catholic parochial schools is a "unity" imposed under Roman Catholic hegemony.

The bishops use ambiguous language when, protesting against what they call "unfair and discriminatory treatment" of the proud and self-supporting parochial schools (which are not content to remain self-supporting), they assert that the "students of these schools have the right to benefit from those measures, grants or aids which are manifestly designed for the health, safety and welfare of American youth, irrespective of the school attended."

What "Welfare" Takes In

The hierarchy in this statement carefully avoids specifying the benefits which it would include under the headings "health, safety and welfare," but the record shows that its definitions are very elastic. The *Catholic World*, for instance, declared in its lead editorial of last April that "in the matter of erecting new school buildings, it's obvious that American children are entitled to the benefits of public-welfare legislation regardless of race, creed or color."

Surely, if even the erection of school buildings can be termed a "welfare" service rather than an "educational" aid, then there are no limits to the extent of the support which the government will be expected to grant to religious schools. Will it not be claimed that payment of school electric bills, teachers' salaries, janitorial services and the purchase of books, paper, ink, pens, pencils and all other supplies are matters of government concern because they affect the pupils' "welfare"?

It is high time that the confusion surrounding this question were dispelled. Except for one or two services—such as medical examinations and hot lunches, which are unmistakably classifiable as "health" measures—most school services are integral parts of the school's teaching process. The building is there, the bus service is there, the books, paper, janitorial service and electricity are supplied in order to make Johnny's education possible, and if the school is one dedicated to propagating a religion rather than providing a general, nonsectarian education, it is not serving a public function whch would justify tax support.

Much of the discussion of possible "fringe benefits" to parochial schools has been unrealistic. It does not make a particle of difference, for instance, whether tax funds are used for purchasing $5,000 worth of "nonreligious" arithmetic texts for a parochial school or $5,000 worth of catechismal texts —either expenditure would amount to a $5,000 grant to a school whose primary purpose is to propagate Roman Catholicism, not serve the public. Perhaps the bishops renewed demand for subsidy will, at last, force the American people to confront the issue in the light of the hierarchy's real objective.

It is also revealing that the bishops look back nostalgically to the "colonial and early national periods" when all education was private and church-related rather than public. Those were also the years when, even under relatively liberal regimes such as that of colonial Maryland, religious heresy was punishable by death, confiscation of property, whipping, imprisonment and in other barbarous ways (see Maryland "Act Concerning Religion," April 21, 1649). The kind of "recognition" which the Roman Catholic prelates today seek for their parochial schools is the same kind of "recognition" which made for torture and oppression in the name of "God" in the period before church and state were separated in America.

"Verbal Trickery" Is Charged

The bishops resort again and again to verbal trickery in the many parts of their statement where they speak of private education's "right to exist" and express their horror at what they pretend to regard as a government "monopoly" of education. The right of parochial or private schools to exist is not in question. The bishops themselves point to the phenomenal growth which their school system has enjoyed under church-state separation. But what the bishops are really asserting is not the "right" of their schools to exist, but their alleged "right" to exist at public expense.

This, of course, is not a "right" but a great wrong, according to the principle enunciated by Thomas Jefferson long ago—that "to compel a man to furnish contributions of money for the propagation of opinions which he disbelieves, is sinful and tyrannical." The bishops themselves refer to Jefferson, but without any regard to his real view on this point, just as they misleadingly cite the Supreme Court's opinion in the Oregon school case of 1925, in which the Court upheld the right of parents to send their children to nonpublic schools but said nothing about any right to do so at public expense.

If the bishops are really interested in quoting from Supreme Court decisions relevant to their present demands, they could not do better than to cite the following clear-cut, basic statement of American principle occurring in the Everson case of 1947 and reiterated in the McCollum and Zorach cases of 1948 and 1952:

> "The 'establishment of religion' clause of the First Amendment means at least this: Neither a State nor the Federal Government can set up a church. Neither can pass laws which aid one religion, aid all religions, or prefer one religion over another. . . . No tax in any amount, large or small, can be levied to support any religious activities or institutions, whatever they may be called, or whatever form they may adopt to teach or practice religion. . . ."

In the light of the Constitution and the best traditions of America, the bishops' case as presented in their November 19 statement collapses like a house of cards.

For other phases of the school situation, see article beginning on page 35.

PLUS & MINUS

Latest Indicators of Business Activity

Business activity is firmly holding its gains. Rising demand for goods is pressing hard on the supply of credit and forcing interest rates up.

Steel production, a mirror of demand for products of many key industries, continued to tax capacity of steel mills in the week ended November 26.

Auto output, estimated by Ward's Reports, Inc., at 174,256 cars in the week ended November 19, was only 5 per cent below its record of last April.

Factory output held at 144 on the indicator, equal to the average rate in October, highest month ever.

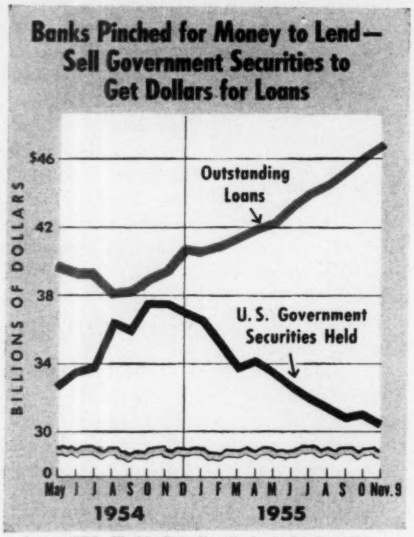
Sensitive-commodity prices are moving with the two main crosscurrents in the economy. Industrial raw materials in the BLS index rose on November 22 to their highest in more than three years, led by steel scrap, tin, copper scrap, rubber, wool, print cloth. On the other hand, foodstuffs sank to their lowest since before start of the Korean war. Weighing them down was a drop in hog prices to the lowest in 14 years.

Buying power of the factory worker reached a record high in October. But the purchasing power of farm income, per capita, is down again in 1955, a drop for the fourth straight year.

The cost of living was unchanged in October and was only 0.3 per cent above a year ago. Food prices have been slipping, but prices of manufactured goods and of services have been inching up. Costs of household operation also are higher.

The squeeze on credit, meanwhile, is growing tighter. The Treasury paid 2.44 per cent on its latest issue of 90-day bills, highest since March, 1933. The yield on long-term Treasury bonds increased to 2.88 per cent on November 22, up from 2.79 on November 4 of this year and 2.55 a year ago.

Commercial paper, used by business firms for short-term borrowing in the open market, was quoted at 2⅞ per cent for four to six-month maturities, highest rate since 1932.


Banks Pinched for Money to Lend—Sell Government Securities to Get Dollars for Loans

Source: FRB, Weekly Reporting Banks in Leading Cities
© 1955, By U.S. News Pub. Corp.

Bank credit is in heavy demand.

Loans of weekly reporting banks, shown in the top chart, rose to 47 billions in the week ended November 16, up 413 millions in the week and 7.8 billions above a year ago.

Since June 30, 1955, the rise in total loans has been 3.3 billions, more than nine times the increase of 367 millions in the same period a year ago.

Loans to business jumped to 25.8 billions, up 300 millions in a single week, 650 millions in the last three weeks. Since June 30, business loans have risen 2.3 billions, 10 times the rise in the same period of 1954.

Consumer loans grew to 9.9 billions in the latest week, up 800 millions since June 30, four times the rise in the same period last year. Much of this results from auto purchases.

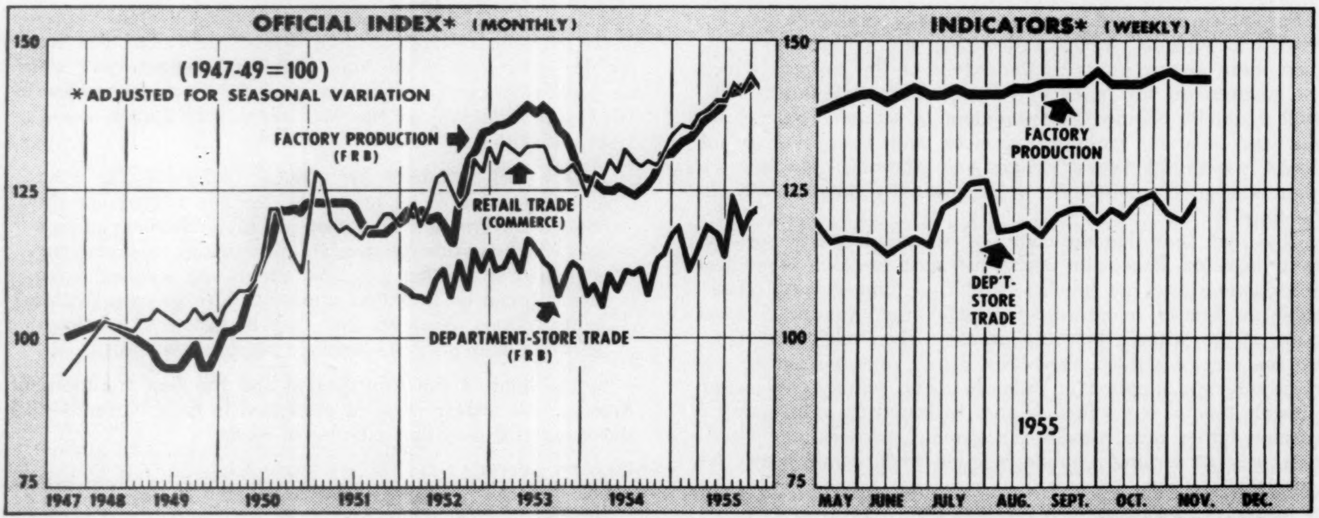
Real estate loans increased to 8.1 billions, up only 270 millions since June 30. That is a smaller increase than the 380-million rise in the corresponding period a year ago. Real estate loans, however, are flowing freely from insurance companies, savings and loan associations and other financial institutions.

To get money for loans, commercial banks are selling large amounts of U. S. Government securities, as the top chart shows. Weekly reporting banks have cut their holdings 7 billions in the past year.

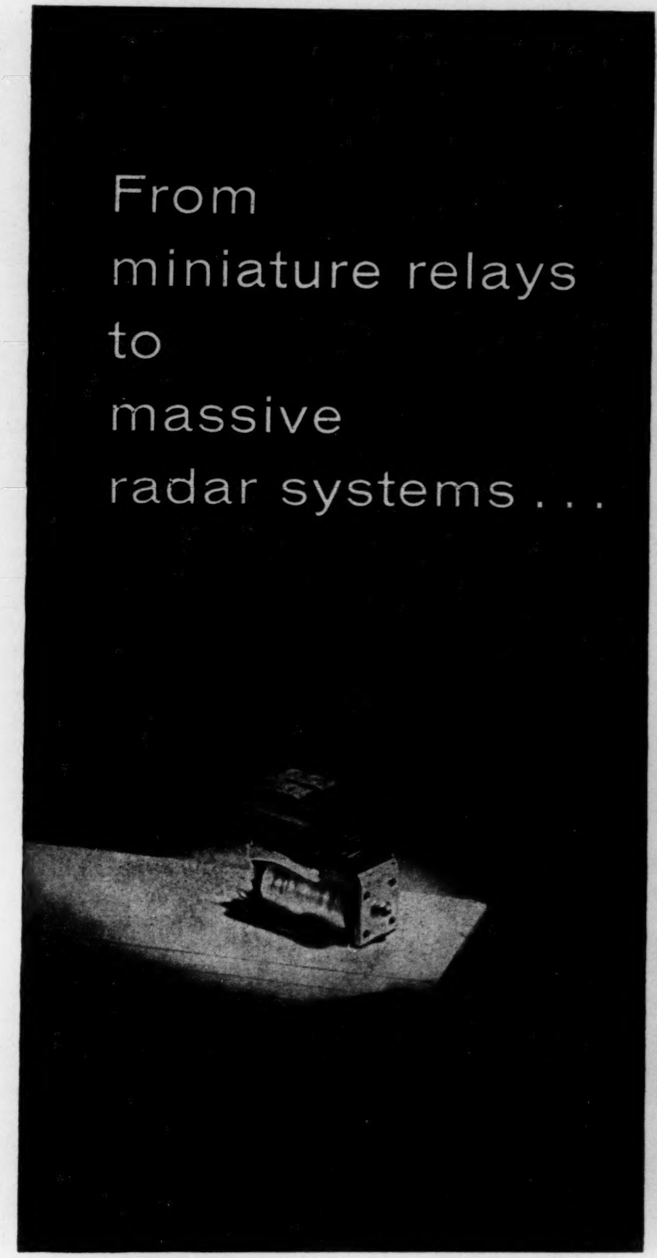
Buyers of the securities sold by banks include business firms that have funds temporarily idle; pension funds of corporations and of States and municipalities; foreign governments.

Effect of the bank selling has been to drive down prices of Government securities and thus increase yields. The lower prices on securities tend to make banks reluctant to sell more, to be more cautious in making new loans.

The need for a gradual tightening of credit is proved by the rapid rise in loans at a time when prices are tending to rise. Money policy of the Government will be of growing importance from now on.



© 1955, By U.S. News Pub. Corp.



Producing small, sensitive electrical "nerves", or constructing great penetrating radar "eyes" . . . each demands advanced technology. And these are but two of the *hundreds* of complex tasks the AMF organization performs every day.

The highly specialized yet widely diversified activities of some 35 engineering and production facilities provide AMF with a wealth of experience that covers nearly every field of industry. And it is immediately available to *you*.

Call upon AMF with your problem. See for yourself why this all-around experience in answering the needs of government and industry alike has made AMF the "can do" company.

AMF HAS EXPERIENCE YOU CAN USE!

IN RESEARCH DEVELOPMENT PRODUCTION

ARMAMENT | BALLISTICS | RADAR | MISSILE GROUND EQUIPMENT | BATTERIES | WEAPONS SYSTEMS

AMERICAN MACHINE & FOUNDRY COMPANY, Defense Products Group, 1101 N. Royal Street, Alexandria, Virginia
Executive Offices—AMF Building • 261 Madison Avenue, New York 16, N. Y.

80 PROOF

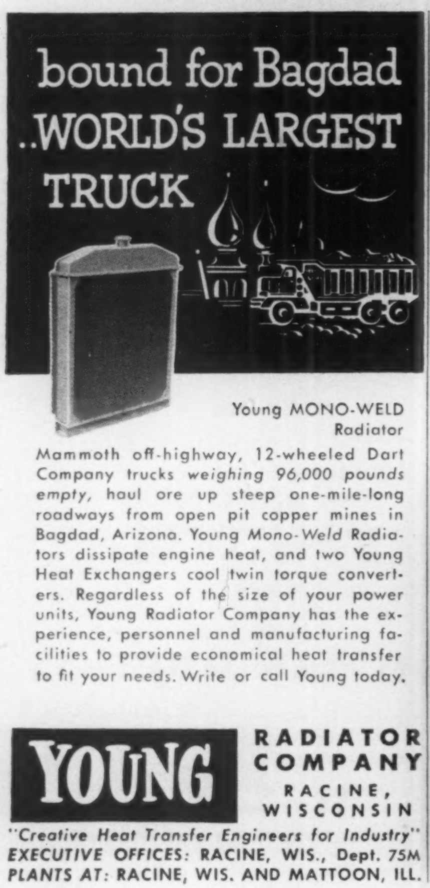
"No matter where you are—after dinner there's nothing like a dram of Drambuie"

The cordial with the Scotch Whisky base

Made in Scotland since 1745 from the secret recipe of Prince Charles Edward's personal liqueur, Drambuie is famous for its unique dry flavour and exquisite bouquet.

after dinner a DRAM of DRAMBUIE

Imported by W. A. TAYLOR & CO., N. Y., N. Y., Sole Distributors for the U. S. A.


bound for Bagdad ..WORLD'S LARGEST TRUCK

Young MONO-WELD Radiator

Mammoth off-highway, 12-wheeled Dart Company trucks *weighing 96,000 pounds empty*, haul ore up steep one-mile-long roadways from open pit copper mines in Bagdad, Arizona. Young *Mono-Weld* Radiators dissipate engine heat, and two Young Heat Exchangers cool twin torque converters. Regardless of the size of your power units, Young Radiator Company has the experience, personnel and manufacturing facilities to provide economical heat transfer to fit your needs. Write or call Young today.

YOUNG RADIATOR COMPANY RACINE, WISCONSIN

"Creative Heat Transfer Engineers for Industry"
EXECUTIVE OFFICES: RACINE, WIS., Dept. 75M
PLANTS AT: RACINE, WIS. AND MATTOON, ILL.

A MAGNIFICENT GIFT FOR ALL THE FAMILY

THE MAGNARAMA 24" TV
$249.50

The Magnificent Magnavox
High Fidelity Television

PRICES SUBJECT TO CHANGE

NEWS-LINES

WHAT YOU AS A BUSINESSMAN ☑ CAN and ☒ CANNOT DO

as a result of recent court and administrative decisions

☑ **YOU CAN** sue the Government for damage to your ship or cargo resulting from failure, due to negligence, of a Government lighthouse beacon. In a five-to-four decision, the Supreme Court rules that such a ***suit against the Government*** is permissible.

* * *

☑ **YOU CAN** perhaps get a State court to hear your suit against a union for damages resulting from ***picketing violence*** at your plant. The Missouri State Supreme Court holds that a State court has jurisdiction in a suit of this kind.

* * *

☑ **YOU CAN** obtain from your tax collector the new instructions on how to make out a ***corporation's income tax*** on form 1120. The Internal Revenue Service issues the new rules, which consist of two and a half pages of general instructions and about four pages of specific instructions.

* * *

☑ **YOU CAN** wait till next March 1 to comply with the new rules of the Interstate Commerce Commission on leasing of ***motor trucks.*** The Commission postpones until that date the application of the rules which: (1) require a minimum lease period of 30 days when trucks are to be operated on trips by the owner or his employes and (2) prohibit the basing of charges on a percentage of the earnings of the leased equipment. The effective date of the rules was postponed from December 1.

* * *

☑ **YOU CAN** tell a public hearing of the Tariff Commission whether you think dressed ***rabbit furs*** and fur skins are being imported into this country under tariff concessions in such quantities as to injure the domestic industry. The hearing will be held in Washington on December 19.

* * *

☑ **YOU CAN,** as an employer, lend money to your striking employes without violating the Taft-Hartley Act if you had an ***employes' loan*** system in effect some time before the strike started. This is a finding of the National Labor Relations Board in a case where the strikers applied for the loans and where there was no evidence of unfair labor practices by the employer.

* * *

☒ **YOU CANNOT** get around paying a ***transportation tax*** on a shipment of goods within the U. S. by sending a representative to Canada to turn over a freight-payment check to a representative of a U. S. railroad. By refusing a review, the U. S. Supreme Court leaves in effect a lower-court ruling that a shipper is not relieved of the tax by making the freight payment in Canada.

* * *

☒ **YOU CANNOT** count on getting Government aid to build a new ***defense plant*** located in a concentrated area that may be attacked in time of war. This policy on dispersal of new facilities is announced by the Department of Defense. The rule will not necessarily apply on construction of needed additions to existing defense facilities.

* * *

☒ **YOU CANNOT** safely reduce the duties of an employe, upon request of a union, so that only members of the union can handle certain jobs in your plant. The NLRB finds that an employer violated the ***Taft-Hartley Act*** by doing this even though the pay of the employe was not reduced.

* * *

☒ **YOU CANNOT** legally fire an employe, upon demand of a union, because he refuses to pay a ***union fine.*** In ruling that such a discharge was illegal, NLRB orders the employer and union jointly to make up the back wages of the discharged worker.

* * *

☒ **YOU CANNOT** use certain ***coal-tar dyes*** to color food after February 16. Food and Drug Administration orders food processors and others to stop using food colorers FD&C Orange No. 1 and No. 2 and FD&C Red No. 32.

* * *

☒ **YOU CANNOT** legally avoid filing a return under the Federal ***Unemployment Tax Act*** if you had eight or more employes on 20 or more days in 1955—each such day being in a different calendar week. The Internal Revenue Service issues a notice that this report is due on form 940 by Jan. 31, 1956.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, *on written request, will refer interested readers to sources of this basic material.*

(Advertisement)

Important Notice. For 46 years, the advisory service relied upon by professional investment managers, bankers and brokers has been Moody's Stock Survey. To introduce the Survey to *individual* investors this special year-end offer is being made to the readers of U. S. News and World Report. We suggest that you act promptly on the offer below.

Let Us Send You
MOODY'S YEAR-END REVIEWS:

How to Invest Successfully in 1956

1956 should be a "year of opportunity" for the selective investor. Consider these 3 factors:

(1) With the boom already in a top area, you can reasonably expect some market irregularities in the months immediately ahead. (2) The pressures of the Presidential campaigns are likely to create wide swings in investor sentiment. (3) Yet the *long-term* investment prospects remain good.

What can you do to take advantage of the "opportunity areas" that 1956 will offer? Here are some of the specific guides offered you in the special December issues of Moody's Stock Survey which you are invited to accept:

Your common stock policy in 1956—
How to ready yourself for the buying opportunities.

Where will the trouble spots show up first?
What danger signals should you keep an eye on?

Should you turn defensive now?
30 stocks offering maximum protection.

Can you accept some risk? Want some glamour?
What are the 15 most attractive stocks today?

Do you want more generous dividend income?
2 lists of 40 selected higher-yielding issues.

What stocks offer best long-term growth prospects?
Select from 28 capital gain issues.

Are you limited in the amount you can invest?
3 guide portfolios: $5,000; $10,000 and $20,000.

Which stock groups look the best for 1956?
49 industries analyzed; specific issues selected.

Should you consider preferreds? Convertibles?
3 lists of attractive high grade preferred stocks.

What's the outlook beyond '56?
Can today's high earnings and dividends be kept up?

How to choose and buy in a high market.
Yardsticks for your 1956 investment program.

These special issues of Moody's Stock Survey will be useful guides throughout the year. But they will serve, as well, to acquaint you with the sensible, feet-on-the-ground approach of Moody's staff of specialists—an approach that can help you achieve steady, profitable results.

See for yourself. We will send you 5 issues of the Stock Survey including these special year-end studies at the introductory "guest-subscription" rate of $5. Simply attach check, name and address and mail this notice to

MOODY'S INVESTORS SERVICE
Investment Advisors since 1909 *USN*
99 Church Street, New York 7
105 West Adams Street, Chicago 3
606 South Hill Street, Los Angeles 14

STEVENSON AND HARRIMAN LOOK AT ISSUES FOR '56

Main Targets: Farm Prices, Foreign Policy, Business in Government

The line of attack that Democrats will use against the Eisenhower Administration in 1956 is out for the country to see.

A preview of this line shows up in major speeches by two top Democrats—Adlai Stevenson of Illinois and Governor Averell Harriman of New York.

Singled out for special attack:

Falling farm prices: Democrats claim the Republicans have failed to take any action.

Foreign policy: The Administration is accused of lacking any firm goals.

Big business in Government: Too many industrialists in key jobs, Democrats say.

STEVENSON: "WE ARE GOING TO WIN NEXT YEAR"

Following is full text of an address by Adlai E. Stevenson, candidate for the presidential nomination on the Democratic ticket, in Chicago Nov. 19, 1955:

Our business tonight is politics, and I propose to get right down to business.

We mean by "politics" the people's business—the most important business there is.

We mean the conduct of the people's business by all the people, in open meetings where we can say what we think, and what we think should be done—about what we think!

For the past three days leaders of the Democratic Party have met here in Chicago to discuss plans for the coming year. The discussion has been of politics and principles—not of men. The happy truth is that the Democratic Party maintains an essential unity of purpose which does not depend upon the individuals who may carry its standard. And no other political party, I might add, can make that statement!

In these three days we have heard Democratic leaders report from all parts of the country. The reports add up to this: We are going to win in 1956!

We are going to win next year just as we won the special congressional elections in 1953, both houses of Congress in 1954 and last week's municipal elections.

These victories demonstrate again that what the Democratic Party stands for is what most Americans stand for—the principles individual men and women in this country believe in and are proud of.

This is what I want to talk about tonight—what we Democrats are for, and, yes, what we are against. I shall be speaking not so much to you as for you—trying to say some of the things I know are in all our hearts and minds, the things that give us the right to call ourselves Democrats—and Americans.

We propose not to make issues where there are none, nor to be critical without being constructive. Our disagreement with the central principles of Republican policy runs deep, but it does not diminish our respect for those who sincerely hold that political faith. We respect the leader of the Republican Party, President Eisenhower, who is President for Democrats as well as Republicans, and we rejoice alike in the progress of his recovery.

Our first, our greatest, our most relentless purpose is peace. For without peace, there is nothing.

Now that the mists of illusion have risen from last summer's meeting at the "summit," we must again face the fact that the "cold war" is still in the deep freeze; that our security system is deteriorating, and that a safe and orderly world is still a distant goal. Certainly we must have learned by now that peace and security cannot be had for the asking, or by slogans and tough talk, or by blowing alternately hot and cold, rash and prudent. Certainly we must have learned that sound foreign policies cannot be devised with one eye fixed only on the budget, and the other on the divisions in the Republican Party. Certainly we must have learned that in the fluctuating market of world affairs there is no bargain basement where peace is for sale cheap.

But let us be very clear that Republicans want a safe and sane world every bit as much as Democrats. And in this day, when our position is more perilous than it has been since Korea, let us also profit from our past mistakes, while we deplore them, and let us think of foreign policy not as partisans but as Americans. Let us, indeed, remember that who plays politics with peace will lose at both.

Our world is dominated by two facts—expansive Communist imperialism with the hydrogen bomb in its arsenal, and the great revolutionary upsurge of the less-privileged peoples who long for peace and a share in the better things of life.

These facts present a complex challenge. We and our allies must be strong to check Communist ambition. Yet we cannot allow fear or envy or frustration to alienate the vast mass of the uncommitted peoples.

Unhappily, this balance, so painstakingly created following the war, has not been preserved. America's military strength has been reduced—while at the same time we talked louder and tougher. But if our threats were sincere then our pretensions of peace were insincere. And if we did not mean what we said, then we were bluffing.

Small wonder that distrust and fear of us became so widespread that the world received with profound relief President Eisenhower's assurances at Geneva that America was really and truly a peaceful nation. But let us not forget how people had been led to think otherwise.

. . . "Our society needs the farmer more than anyone else"

We must restore the balance in America's relations with the world—the balance between our strength and our concern. To guard the ramparts of freedom we must uphold the stability of our alliances and maintain our military strength. But martial strength is not an end in itself. It can be only the firm base from which we are prepared to negotiate, whenever negotiation seems fruitful, and from which we will seek to create with tireless patience a workable system of controlled disarmament.

To this restored vision of a firm, consistent, peace-loving America, we must add a refreshed concern for our less-fortunate neighbors. We must play our generous part in the bettering of the human lot; and we must do so not just to compete with communism, not to preserve colonialism, and not to impose Americanism. We must make the world understand again what it once knew—that at the roots of our faith we recognize that we belong, all of us, to the family of man.

—Wide World

ADLAI STEVENSON

Here at home, no less than in our foreign affairs, primary importance attaches to the genuineness of our concern for human welfare. It is the fundamental faith of our party that in a democracy the individual citizen is all-important—that ordinary men and women have the sense, the integrity and the decency to make choices and to decide for themselves how best to improve their lot and use their human span. Our aim is simply to secure the widest distribution of well-being. And we know this can only happen when responsibility for policy making and participation in government are also widely shared.

The sense of democracy as a partnership in which all of our people share and participate has been blurred in these past three years. Instead, in whatever direction we look—tax policy, regulatory policy, resources policy, credit policy, or what not—we see the sharp outlines of what can only be described as special-interest government in Washington, something we haven't seen since the Republicans were there last! Instead we are coming to realize that we are being treated more as customers than as partners—gullible customers, susceptible to the huckstering advertiser arts of salesmen for a special interest.

Well, you know the people own this business, and they don't want anybody forgetting it. We climbed, together, from the trough of depression which we Democrats had inherited from the Republicans. And today most Americans dwell upon the plateau of prosperity which the Republicans inherited from us.

But even though they had never had it so good, the Republicans promised a lot of changes back in 1952. I don't know why we complain so much about their broken campaign promises. It's those they keep that hurt. Every change they've made has caused us trouble, but the things they haven't changed are working fine.

Among other things, they have adopted a new farm policy—to get rid, they say, of the farm surpluses. Well, it hasn't reduced the farmer's production, but it has sure reduced his income. And today the only reason we have a stable general price level is that rising industrial prices are offset by falling farm prices. The balance in our interdependent economy is threatened, and the well-being of 20 million Americans is sinking, while the Republican cheer leaders shout: "Everything is booming but the guns."

Our society needs the farmer more than anyone else. And the farmer needs a fair share of the national income. He hasn't got it just now. And there is precious little evidence that the "team" in Washington wants to do anything about it. But to help the farmer in this passing crisis you have to want to help the farmer, even as sympathetic Democrats have for a generation.

But I hear there may be a change. Prices are not the only thing that's flexible about Republican politicians, and it is no secret that they are dusting off some of the old Democratic production-control proposals with a view to bringing them out—under Republican labels, of course. It is strange what an election year does to those crusaders who believe so devoutly in good, old-fashioned, rugged individualism—especially for the farmer, and especially between elections.

In our natural-resources policy there has also been a change—a determined attempt to undermine conservation and power programs which are serving the interests of millions of people—particularly small consumers.

Today's fast dollar is being put above tomorrow's needs—Hell's Canyon goes to a private company for only partial development of its power; an effort is made to sabotage the preference clause in our public power contracts, and to cripple the great rural-electrification program; the dubious Dixon-Yates deal is contrived in secrecy and the Tennessee Valley Authority attacked publicly.

This Republican inability to make a proper distinction between public and private business shows up elsewhere. We hear now about waste and privilege in the housekeeping department. And the Secretary of the Air Force is decorated for his services after getting his public and private business affairs embarrassingly mixed up—while at the same time thousands of honest and conscientious Government workers, little people, have been coldly pushed around so that the crusaders could boast about cleaning up something.

And surely one of the most remarkable alibis in years was offered last week by another high-level administrator who found it convenient to resign; admittedly he pressed his company's claims against the Government—but only, he insists, on his lunch hour!

As Democrats we deny the soundness of helping only the large corporations with the pious hope that something will trickle down to the rest of us. We oppose special tax advantages to anyone, let alone a favored few. We oppose the policy of giving the lion's share of defense contracts to the large companies.

Twenty years of Democratic leadership went into making America economically strong by increasing and broadening and stabilizing consumer buying power. And we still claim that the best thing for any business is people coming in the door with money in their pockets.

I suggest that this whole pattern is a reflection of the basic

. . . "There is no conflict between the Democrats and business"

philosophy our new managers brought to Washington in 1953. "We are here in the saddle," the Secretary of the Interior said, "as an Administration representing business and industry." Well, after two or three years I'm convinced he knew what he was talking about!

Let us be quite clear about this. There is no conflict between the Democratic Party and business. What we criticize is not business, but the virtual exclusion of everyone else. Eight of the 10 members of the Cabinet and almost three quarters of the men appointed to high executive office in the past three years come from the same segment of the community, big business. Is this a good thing? I doubt it, and I suspect business men by and large doubt it, too.

We do not question the honesty of these men, or their good intentions, or their right to hold office. But we do question the breadth and variety of their collective vision; we say that this republic is imperiled when Government, which belongs to all the people, falls into the hands of any single group.

Government Is for All

What do we Democrats mean to do about this when we take up the reins of Government once again? I think you could sum up our aim very simply—we mean to return the public interest to the center of public policy, and to restore the sense that government is the concern not of a single dominant economic interest but of all the American people.

But there are those who say, let well enough alone, all is well, don't rock the boat. And I agree that this is an age of abundance, as well as an age of anxiety. I agree that it is a time for catching our breath; I agree that moderation is the spirit of the times. But we best take care lest we confuse moderation with mediocrity, or settle for half answers to hard problems. A democratic society can't stand still, and the world won't stand still. Both are living things and the meaning of life is in growth, in working always toward something better, something higher. Moderation, yes. Stagnation, no! As the history of nations reminds us, nothing fails like success.

We must tackle the problem of agriculture. We are committed, as I say, to restoring farm income to fair levels, by a many-pronged attack, I hope.

Democrats do not contend that price supports, firm or collapsible, are the whole answer to a healthy farm economy. On the contrary, we have always contended, as we do now, that price supports must be employed in conjunction with a whole series of both supplementary and complementary measures. The real key to the farmer's welfare is an intelligent, sensitive and responsive administration of agriculture on a day-to-day basis—and that is something that can only be accomplished by the party which is in office.

We will seek to protect the place of small business in our free-enterprise system. Enterprise depends upon opportunity —opportunity for a man with talent and energy to branch out on his own—to build his own business, own his own plant, take his own risks, make his own decisions. And at the rate smaller businesses are going bankrupt or being swallowed up by bigger business these days, you can't help but be anxious about the future of enterprise as we have understood it.

We will give urgent consideration to the plight of substandard families, and of the blighted or depressed areas—the stagnant pools into which the tide of prosperity has failed to flow.

We will continue to fight to preserve the nation's heritage of natural resources—our source of power, our public lands, our national forests, our soil, our parks. We propose, very simply, to reinstate the principles which for 40 years underpinned a bipartisan conservation policy initiated by Theodore Roosevelt, and interrupted for the first time in 1953.

We will attempt to bring our great public services back into balance with our expanding wealth. For are we really prosperous when our national income is going up but our schools are becoming more crowded, our teachers more outnumbered, our hospitals more inadequate, our roads more dangerous, our conservation more timid, our slums more contagious? Sure, the figures on the pay check are important, but is a family really prosperous if it lives in an urban jungle where juvenile delinquency takes growing children for its prey?

We Democrats are for a country in which the schools are worthy of the children—and adequately staffed by teachers supported as their honored profession merits.

We are for a country where no man's home is blighted by smoke, dirt and noise and cut off from sunlight, trees and air.

We are for a country where no family lives in dread of crippling disease that adds to the pain of the stricken the fear of intolerable expense.

We are for a country where older people are not doomed to live out their last, empty years with only the solace of a small pension.

We are for a country where all of our people can work under fair labor standards, and where responsible unionism is encouraged by laws that guarantee free collective bargaining.

We are for a country where we defend the liberties of all by defending the liberties of each, where the Bill of Rights and the Golden Rule are part of our being, where there is freedom to think, to speak, to doubt and dissent, and to be yourself.

And we are for a country where no family's aspirations are bounded by unyielding barriers of race or religious prejudice.

There are some of the things we have not yet fully achieved —and because we have not there is among us a spiritual uneasiness, an empty feeling, a feeling that we have settled for too little, that we have accepted today's creature comforts at the price of the old ennobling dreams.

America: "Well and Strong"

To see all those things is not to see failure, but only the job that still needs doing. America is well and strong above all nations in all time. We are the luckiest people in the world and we know it. To see these things, and to roll up our sleeves and start doing something about them, is only to suggest, if you will, what we Democrats are for.

I talked of these and other matters recently with a beloved elder statesman of our party. How, I asked him, can all these complexities be reduced to simple terms? He pointed out the window to a man and woman and child walking down the street—a family any of us might count among our neighbors.

"Just ask yourself," he said, "who's looking out for those people down in Washington these days."

Well, there it is. Those people are not customers of our Government, they are owners too.

The problem, and the Democratic answer to it, are as old as our party. Woodrow Wilson put it in these words: "I understand it to be the fundamental proposition of American liberty that we do not desire special privilege because we know special privilege will never comprehend the general welfare. This is the spiritual difference between adherents of the party now about to take charge of the Government and those who have been in charge of it in recent years."

We reassert tonight this simple yet essential faith—that democracy serves no one except as it serves us all.

HARRIMAN: "REPUBLICANS ARE SPLIT ON FOREIGN POLICY"

Following is full text of an address by Governor Averell Harriman of New York before the Washington State Democratic Dinner in Seattle Nov. 21, 1955:

It is good to be in Seattle again. I have been coming here as long as I can remember, and in 1947 when I was Secretary of Commerce I made a speech here. In that speech I told some unpleasant truths about the Soviet Union which were not fully realized at that time. As a result, I was denounced as a warmonger by Mr. Vishinsky before the United Nations.

Well, tonight I find I've got to tell some unpleasant facts about the Republican Party. And as a result I guess I'm going to be denounced in some quarters as a Democrat. That suits me.

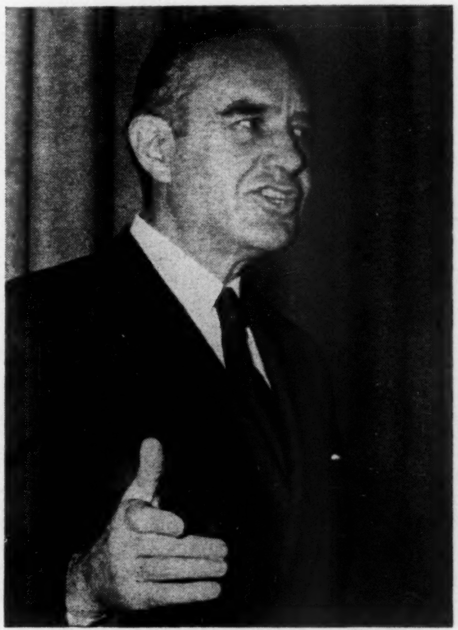
It is a special pleasure to be introduced tonight by your distinguished senior Senator, one of the outstanding leaders of our Party, and a great spokesman for his State and region, Warren G. Magnuson.

During my service in the Roosevelt and Truman Administrations, I worked on many occasions with Warren Magnuson, and I have come to have great admiration for him as a Senator alert to the interests of his constituents and devoted to the welfare of our nation.

He is known as the leading expert in the Senate on shipping. He is known for his leadership in resource development —his fight for every one of the great dams that have brought so much prosperity to the Northwest. He is the legislative father of the National Science Foundation, of the Seabees, and the Alaska Highway.

But his achievements in 19 years in Congress range over many other fields—social security, cancer research, immigration, military affairs, forest-access roads, school construction, foreign affairs, fisheries,—and what's more, he votes right on the issues that count for the people.

Surely the people of this State are going to reward two decades of splendid service by returning to the Senate Warren Magnuson with a big majority!


—Wide World

AVERELL HARRIMAN

I used to say that what the Congress of the United States needs is more Magnusons. And now, by golly, we've got another one. You have a vigorous and able Congressman who is waging in the House of Representatives the same fights as Senators Magnuson and Jackson [Senator Henry M. Jackson (Dem.), of Washington] are waging on the other side of the Capitol—Congressman Don Magnuson.

There are many issues we Democrats will be talking about during the next 12 months, growing out of Republican misrule.

We will be talking about the Republican policy of deliberately pushing farm prices down—which means putting farmers through the wringer and driving them off the land.

We will be talking about "partnership" in the development of natural resources—which is a front for standing still on public development while giving away our resources to privileged interests.

We will be talking about the Republican principle that what is good for big business is good for the United States—and how some of these big-business representatives had to be fired because they forgot and mixed their own business right into the business of the United States.

We will be talking of the Republican failure to do anything at all, or anything significant, about schools and housing and health.

We will be talking of Dixon-Yatesism, and Hell's Canyon, and broken promises to labor, and the restoration of the trickle-down theory which we thought had been discarded, and all the rest.

But tonight, here in Seattle, one of the nation's great gateways not only to the Far East but to the world, I want to concentrate on the Republican record on foreign policy.

I want to talk about foreign affairs because I am deeply concerned by what has been happening.

I would rather it were not so. I would much prefer not to have to say the things I am going to say tonight.

But, in my judgment, the security of our country and the future of freedom in this world require that we begin to say openly and publicly what many of the best-informed people on foreign affairs have been saying privately for some time.

Three years ago when the Republicans took office, the free peoples were largely united in spirit, policy and action. We were moving steadily ahead on the only known road toward security and well-being. Confidence in American leadership was at its highest peak.

Today our national policies are confused and uncertain, our leadership is questioned, our alliances are creaking, and American prestige has declined.

Why did this happen?

It was because by the time the Republicans took office in 1953 they were utterly incapable of carrying on a coherent and consistent foreign policy geared to the needs of this century.

For a generation the Republican Party has been split on foreign policy. Nor do I mean lesser disagreements on method. I mean basic differences on whether the twentieth century should be recognized and whether the United States should accept the world responsibilities of its great strength. The Democratic Party long ago achieved unity on the fundamentals of foreign policy. Not so the Republicans.

Even before the election of 1952, and then after, the Old Guard isolationists wrung from Mr. Eisenhower basic compromises on foreign policy. First he appeased Senator Taft [the late Senator Robert A. Taft (Rep.), of Ohio]. Then he tried to appease Senator McCarthy [Senator Joseph R. McCarthy (Rep.), of Wisconsin], who redoubled his public demonstrations of contempt. And then he tried to appease Senator Knowland [Senator William F. Knowland (Rep.), of California], who rewarded him by leading the opposition against the foreign policies of the President.

The result has been three years of incompetence and short-sightedness in the conduct of the foreign relations of

. . . "The Summit Conference was a great Communist victory"

this country. Great gaps have appeared between official words and official actions. Ill-conceived experiments have been tried—and abandoned. Flashy slogans have appeared—and disappeared. They started with the phony "unleashing" of Chiang Kai-shek [President of Nationalist China] and followed with irresponsible statements about "agonizing reappraisal" and "massive retaliation."

Our friends and allies drew back in alarm, fearing that we were going to start another world war. And then the very Republicans who had promoted our action started advising publicly that we should "go it alone." To the people around the world we appeared as reckless and warlike. Our relations with many of the uncommitted countries of Asia became even cooler.

These were all the fruits of divisions in the Republican Party, of attempted appeasement of Republican factions, and of diplomacy conducted for domestic political reasons.

Where Foreign Policy Failed

Let me cite another example. Every informed person knew that unless the truce in Korea included an ironclad and enforceable agreement with the Chinese regarding Indo-China the result would be increased Communist pressure in Vietnam. And yet the Administration failed to take precautions against this danger, and sure enough, the Chinese heavy artillery released from Korea turned up in Indo-China, and the fat was in the fire.

The confusion and contradiction demonstrated in Washington from February to May, 1954, is classic in the history of bungling. Let me quote from a newspaper account of April 8:

"President Eisenhower said yesterday that we simply cannot afford to lose Indo-China to the Communists. . . . He cited what he called the falling-domino principle; you have a row of dominoes, you knock over the first one with the certainty that the last one will fall very quickly."

On April 16, Vice President Nixon said we might send troops to Indo-China. Four days later Secretary of State Dulles said it was unlikely, and eight days later Mr. Nixon said we would avoid it *if we could*. The intervention of our bombers was likewise publicly foreshadowed by the Administration, and then denied.

In the end, President Eisenhower did nothing at all. Dienbienphu fell, and with it all of North Vietnam. At this point Mr. Dulles concluded that the domino principle wasn't applicable.

Now, let's take a look at that Summit Conference in Geneva last July. I want to make it plain that I was in favor of holding that Conference. What was inexcusable was for the President and his advisers to give the impression that they believed in the sincerity of the Kremlin words in advance of deeds.

Deceit in Red Smiles

Soviet leaders have repeated over and over that they will use every stratagem, every deceit, that will aid them in their drive toward world domination. If you have dealt with the Kremlin, as I have, you know that their words cannot be relied upon unless they are backed up by deeds. The decision of the Russians last spring to be affable in their international contacts, rather than grim and foreboding, was so abrupt and so obvious that it should have been plain that we should increase our guard against deception—not lower it.

But what happened at Geneva? The Russians came, they smiled, they were sociable, they were convivial, they talked of peace and peaceful settlement, they gave every impression that a new and happy era had dawned.

The President proclaimed that the Russians had a desire for peace no less earnest than that of the West. The headlines flew about the world. Upon his return, the President spoke, though with some reservations, of "the most shining opportunity" and the "spark ignited at Geneva."

But what about the grim and crucial issues? What about the captive peoples of Eastern Europe to whom the Russians in wartime agreements had promised self-determination? Bulganin [Nikolai Bulganin, Soviet Premier] rejected any consideration of the matter. What about the subversive activities of the Communist Party throughout the world? Bulganin disclaimed responsibility on the part of the Soviet Government for activities of the Communist Party in other countries. What about the Iron Curtain? What about the reunification of Germany? What about the security of Europe? What about disarmament? Ah, these would be considered three months later at another conference at a less-exalted level.

After a week, the Summit Conference adjourned amid mutual congratulations. The "spirit of Geneva" reigned.

It reigned for just three months. Tensions relaxed, yes, but unfortunately so did our defense effort. Secretaries Humphrey and Wilson began to talk about cutting our defenses still more.

There can be no doubt that the Summit Conference in Geneva last summer was a great Communist victory. Free peoples were thrown off balance. They were psychologically disarmed. Neutralists and pro-Communist elements in Europe and Asia were strengthened. Momentum in building against danger lessened.

No Gains for West

I was in Europe last summer when the Geneva Conference came to an end and, when questioned by reporters, I said we had to face the fact squarely that the Russians accomplished at Geneva precisely what they went there to accomplish—a reduction of tensions for their own purposes—without yielding on a single point of substance. I have since been told that at the moment, so complete was the temporary enchantment with the Geneva spirit, that my words, reported here, were a sour and discordant note in the general applause.

Well, now it's clear enough to all. The second Geneva Conference has just ended, and with it the mirage of the first. The Russians have refused to agree on a single item of substance that would help promote the peace and security of Europe and of the world.

Molotov [V. M. Molotov, Soviet Foreign Minister] was not affable this time—he was arrogant. He boasted that the Iron Curtain is here to stay. He admitted for the first time that the Soviet aim is a Communist Germany under Kremlin control. He called the refugees from Communist tyranny the "scum of the earth." He ridiculed the Western representatives for their ideas about free elections and taunted them about their "position of strength."

The "spirit of Geneva" evaporated. But during the three months that the free world floated on the illusion of Geneva, the Communists gained and we lost ground.

This is certainly true of developments in Germany.

In the eastern Mediterranean ancient animosities have been tragically revived among some of our allies.

The Soviet Union has brazenly entered the already troubled

. . . "It is within our power to prevent another world war"

waters of the Middle East through the Communist arms deal with Egypt and has gravely increased the difficulties of arriving at a solution of the problems of that vital area.

The Soviet Union has intensified its economic offensive throughout Asia.

Informed people have been saying for years that the struggle for Asia will be won by economic and social and political progress rather than by military weapons alone. Our Government understood this when it was headed by Harry S. Truman. The Point Four program and the several programs of economic aid to Asia carried on at that time raised Asian hopes and confidence in the United States to an all-time high. The Administration of President Eisenhower has cut down economic aid and technical assistance while continuing the supply of arms and expanding our military alliances. Important as these mutual-security arrangements are, they can be effective only if there is a development of social, economic and political strength. And now the Russians are entering the scene with vast promises of economic collaboration.

—United Press

THE SUMMIT MEETING AT GENEVA
"Free peoples were thrown off balance"

Just a year ago, there were members in the Administration who were talking about what was called a bold, new economic program for Asia. They seemed at last to realize what the Truman Administration had long known, that what is needed to counter the external and internal threats of Communist expansion in Asia is a program bold enough to capture the imagination of the people, and vigorous enough to demonstrate that a decent life can be achieved under freedom. They seemed to understand that the cost to us of such an economic offensive would be a tiny fraction of our expenditures for military defense and military aid.

So the talk went. In the end nothing happened.

Now, Mr. Hollister [John B. Hollister], the new foreign economic administrator, has just returned from a trip around the world saying everything is going fine, that we are winning the battle with Communism. Apparently on the basis of this report, the Administration has decided to hold back some of the funds voted by Congress this year for foreign technical and economic aid. We are told that the Administration believes the Soviet economic offensive is a bluff.

With all the inherent dangers of this situation, are we going to have to wait for this Administration to be proved as wrong on this as it was on the Soviet capacity to build modern jet bombers?

I think Molotov unwittingly did the free world a great service in dispelling the smoke screen of Geneva spirit. During the few months it hung over us, our defenses, our alliances—in fact, the free world's total position of strength—deteriorated.

Now, our task is to repair the damage without delay. We must make a great effort to build up again world confidence in our good will, our judgment, and our steadfastness of purpose.

Is Armed Strength Adequate?

First of all we must make certain that our own armed strength is adequate to our needs. Certainly our Air Force must be the most advanced we can make it. The Administration policy of censorship and cover-up makes it extremely difficult, if not impossible, even to know what the facts of the situation are. But occasionally we do hear disturbing authoritative statements such as those of General Twining [Gen. Nathan F. Twining], Air Force Chief of Staff, that the Russians are making faster progress in aircraft development than we are. To you here in Seattle, who know so well what our aircraft industry is capable of doing, this must appear not only as a dangerous but an unnecessary state of affairs.

Back of this first line of defense, we must work with the free world to build an expanding world economy.

Over half of the people of the free countries live in misery. But they have a vision of a better life, and unless they advance toward it, they are likely to be ensnared by the false promise of Communism—and there can be no peace and freedom on this earth. It is our great opportunity to help them help themselves toward achieving a better life, and thereby to help build the conditions of peace and freedom so vital to our own security.

We, the free nations of the world, have enormous—in fact greatly superior—material strength and moral strength. We must draw upon that strength, mobilize it, and apply it with wisdom and persistence and determination to this task. There are signs that all is not well behind the Iron Curtain. Time is on our side, but only if we use it wisely.

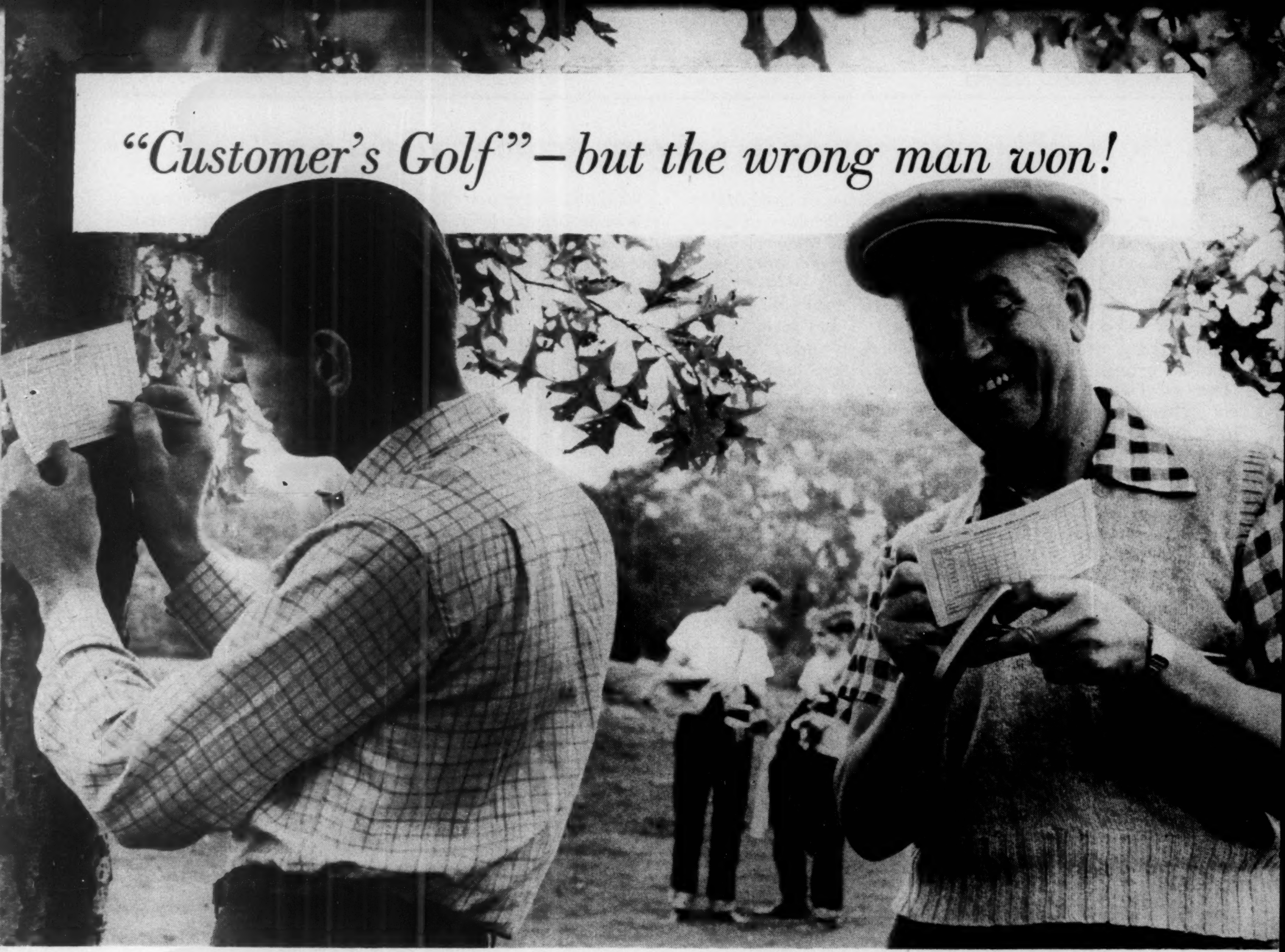
I have said often, and say again, that I believe it is within our power to prevent another world war.

I have no doubt that if we hold fast to our faith in freedom and to our trust in God, if we have confidence in our strength, and if we mobilize our will and our resources, we can lead the free world safely through the fateful struggle in which it is now engaged.

The Democratic Party is peculiarly equipped for this task. We understand *people*—their needs and their aspirations—not only at home but around the world. Under Democratic leadership our country has in the past inspired the peoples of the world and given them hope.

We must be true to our heritage. We must carry on in that great tradition.

"Customer's Golf"—but the wrong man won!



See the happy banker! He's about to collect a healthy bet – from a comptroller whose company wants a healthy loan.

Undiplomatic? Maybe the banker doesn't care. The loan, you see, will be refused.

Part of the security offered is in-process inventory. On company books, this figure is a loose compilation at best. It's been increasing, too – due to a growing time lag between receipt of an order and shipment of finished goods. Result: a lower production rate, slipping profits. Can you blame the bank?

Keysort punched-card accounting could cure this unhealthy situation. With Keysort, you can really *control* work-in-process. You get a complete, detailed report by the 4th of each month. Knowing the facts *on time,* you can spot bottlenecks in production, move at once to keep in-process inventory lean and get quicker turnover of working capital.

A McBee Keysort installation can give you comprehensive, accurate reports on every phase of factory operation – *fast.* By the day, week or month, as your needs require. Whether yours is a 100-man branch plant, or a payroll of thousands. At remarkably low cost.

The trained McBee man near you has a presentation which will show you how it's done. *It takes just one hour, from start to finish.* Phone him or write us.

McBEE KEYSORT®

Punched-card accounting for any business

Manufactured exclusively by **The McBee Company, Athens, Ohio** • Division of Royal McBee Corporation
Offices in principal cities • In Canada: The McBee Company, Ltd., 179 Bartley Drive, Toronto 16, Ontario

Trend of American Business
®

24th and N Streets, N.W.
Washington, D.C.

Business appears certain to start the New Year under a full head of steam.

Driving force in the present boom is found in consumer buying and in business investment, and each is continuing in high volume.

Retail merchants are counting on the biggest holiday season ever.

Business firms seem to be adding to improvement and expansion programs.

All this suggests that the boom still has quite a while to run, in spite of attempts by the Federal Reserve Board to slow down the pace a bit.

Take these findings by the National Association of Purchasing Agents:

No sign of any "soft spot" is showing up in business activity.

Production keeps on at the same levels as in October, or better.

New orders are as good, or better, for 86 per cent of reporting firms.

Approach to a "price plateau" also is indicated. That's a hopeful sign to people who have been afraid that inflation might develop.

Commodity prices, however, are reported to be edging higher.

All in all, the purchasing agents, known as quite a conservative group, see nothing on the horizon at the moment to cause much worry.

The Council of Economic Advisers, however, seems to detect some slowing in the boom's pace. Their latest "Economic Indicators" shows industrial output to be leveling out, with some softening in building activity. But there are no positive signs that a downtrend is in the immediate offing.

For an analysis of the boom, these Commerce Department findings may help:

Total activity--the gross national product--is not rising as fast as earlier in the year. At annual rates, you got a rise of 8.2 billions in the first quarter of 1955; 9.5 billions in the second; 6.7 billions in the third.

Goods and services going to final users, however, advance at rising rates. The quarterly gains in this area: first, 6.1 billions; second, 6.7 billions; third, 8.6 billions. Another rise is expected in the final quarter of 1955.

What this means is that production is rising chiefly to satisfy the final customers of industry and commerce. Their demand is so strong that little room is left to build inventories at factories, warehouses or stores.

Personal spending is going ahead at a steadily rising clip.

Gain in the third quarter--again at annual rates--amounted to 5.5 billions over the second quarter. Second quarter in turn showed a 4.5-billion rise over the first, first quarter increased 4.5 billions over 1954's fourth.

Recent sales reports indicate still further advances since September.

A danger signal shows up in the fact that people are spending at a faster rate than their incomes are rising. In other words, individuals, in aggregate, are saving less, borrowing more. Obviously, that can't go on forever.

(over)

Written for the issue of December 2, 1955, Volume XXXIX—No. 23
U. S. NEWS & WORLD REPORT

Private investment in fixed assets--buildings, machines, tools--is the other major prop under the boom.

Fixed investment hit a rate of 58 billions a year in the July-September quarter of this year, a gain of 2 billions over April-June.

Gains in investment are centered in industrial plants, in stores and other commercial buildings and in equipment. Home building is slackening.

Business outlays for plant and equipment are expected to go still higher in the present quarter and to push up a bit early next year. That is the trend indicated by recent surveys of business plans.

Government purchases of goods and services--federal, State, local--are holding rather steady. This boom is sparked by private demand.

Inventory accumulation--often a feature of booms--is not playing so important a part in the present boom.

Stocks of manufacturers and merchants amounted to 80 billion dollars at the end of September. That's a jump of 2.7 billion over a year earlier.

Sales, on the other hand, have increased more than inventories.

Result is that the relation of inventories to sales is actually below what it was a year ago. Inventories in September were 1 billion dollars less than two years ago, during the 1953 boom, while sales were running about 5 billion over the 1953 period.

Inventory buying really is not having much influence on the present boom. The Commerce Department figures it amounts to only 1 per cent of total output. That could be a healthy sign. Inventory policies often undergo wide swings, up and down, and have a marked effect on general business activity. There doesn't seem to be much room for such swings now, except perhaps in autos.

Factory inventories are lower now than in the autumn of 1953, though still higher than they were a year ago. But, in relation to shipments, they are low.

Inventory rise in factories over the past year is mostly in unfinished goods--working stocks--rather than in goods ready for shipment. Of the total rise of 1.7 billions in factory inventories, 1.5 billions occurred in purchased raw materials and in goods being processed.

At the factory level, in other words, there is no backing up of goods.

Retail inventories, at 23.3 billions on September 30, were 800 millions above a year earlier. Most of the rise came in the first half of the year.

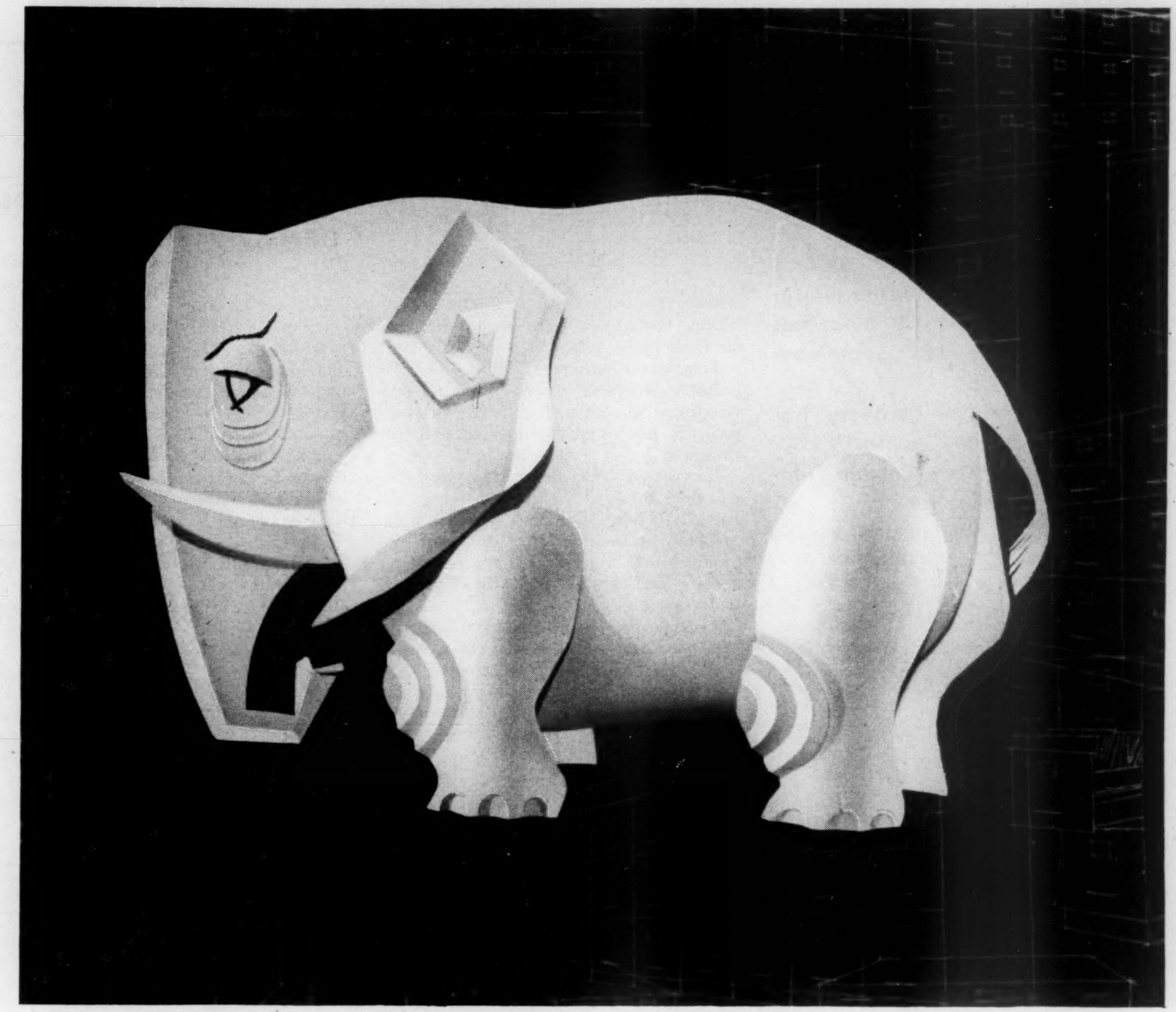
Retail inventories in the third quarter, season considered, stayed level.

Shifts in automobile inventories in dealers' hands account for most of the retail-inventory changes this year. Auto inventories accounted for two thirds of the rise in the first half, then dropped in third quarter.

For most retail businesses, inventories are lower in relation to sales than they were at this time a year ago.

Auto industry turned out its 7-millionth passenger car for the year, and its 8-millionth vehicle--trucks included--in mid-November.

That assures a record for 1955. Previous record for cars and trucks was in 1950, with more than 8 million vehicles. Last year's total: 6.6 million.



this white elephant is made of paper!

Are you feeding a paper pachyderm? No joke if you are, for the excessive costs of handling your company's records can be eating deeply into its profits.

How long since you took a look at your personal files, your file room, at your record storage area? Are you keeping records you no longer need? Are some of your active records really only *semi*-active? Is the flow of vital information from files impeded by inefficient systems or equipment, by uncertain indexing, by slow filing and slower finding? Is microfilming a mystery to you?

It's time for you to measure the savings possible, to rediscover the economy and efficiency of modern record management methods. Remington Rand has dollar-saving answers for you, in a package called "Records Management Round-Up." This is know-how for you to use in getting rid of your costly paper elephant. Right now, write for this comprehensive package. Ask for X1619, "Records Management Round-Up," Room 1121, 315 Fourth Avenue, New York 10.

Remington Rand ***... the finest in business machines, systems and equipment***

DIVISION OF SPERRY RAND CORPORATION

BEHIND THE MARKET COMEBACK—

Rising Dividends . . . Big Spending by Business

What does the stock market's comeback mean in terms of future prices of shares? What has changed since the September break?

The President's recovery has helped to strengthen stocks.

But investors are watching other developments, too.

New signs of strength in stock prices are beginning to raise questions as to what is ahead in the stock market.

Stock prices, after one of the really sharp breaks in market history, have recovered most of their lost ground, then fluctuated near the peaks they reached in September—just before the President's illness.

A picture of these trends is given in the chart on this page. As the chart shows, shock waves set off by the President's heart attack washed away 49 points of the 487.45 record set September 23 by the Dow-Jones list of 30 industrial shares. That left the average at a low of 438.59 on October 11.

Now those prices are back up not too far from earlier highs.

President Eisenhower's strong recovery is being accepted as one important development affecting stocks. The market's recovery has roughly coincided with the President's.

Earnings and dividends, too, are being watched by investors. Improved profits and dividends, of course, are not automatically translated into higher stock prices. Much depends on what people see ahead. Yet earnings and dividends are important factors.

Corporation earnings have been rising, reaching record levels. As a result, stock prices now are lower in relation to earnings than they have been since last May—except briefly during the recent decline.

At the market's close November 21, average prices of stocks were 13.3 times earnings.

This is a lower price-earnings ratio than prevailed at some previous highs for bull markets. That ratio, for example, was 19.1 times earnings at the 1929 high, 17.5 times in 1937 and 20.8 times in 1946.

Dividend increases in recent weeks and months also are changing the market picture. Investors have their eyes on the sizable raises being declared in year-end stock and cash dividends.

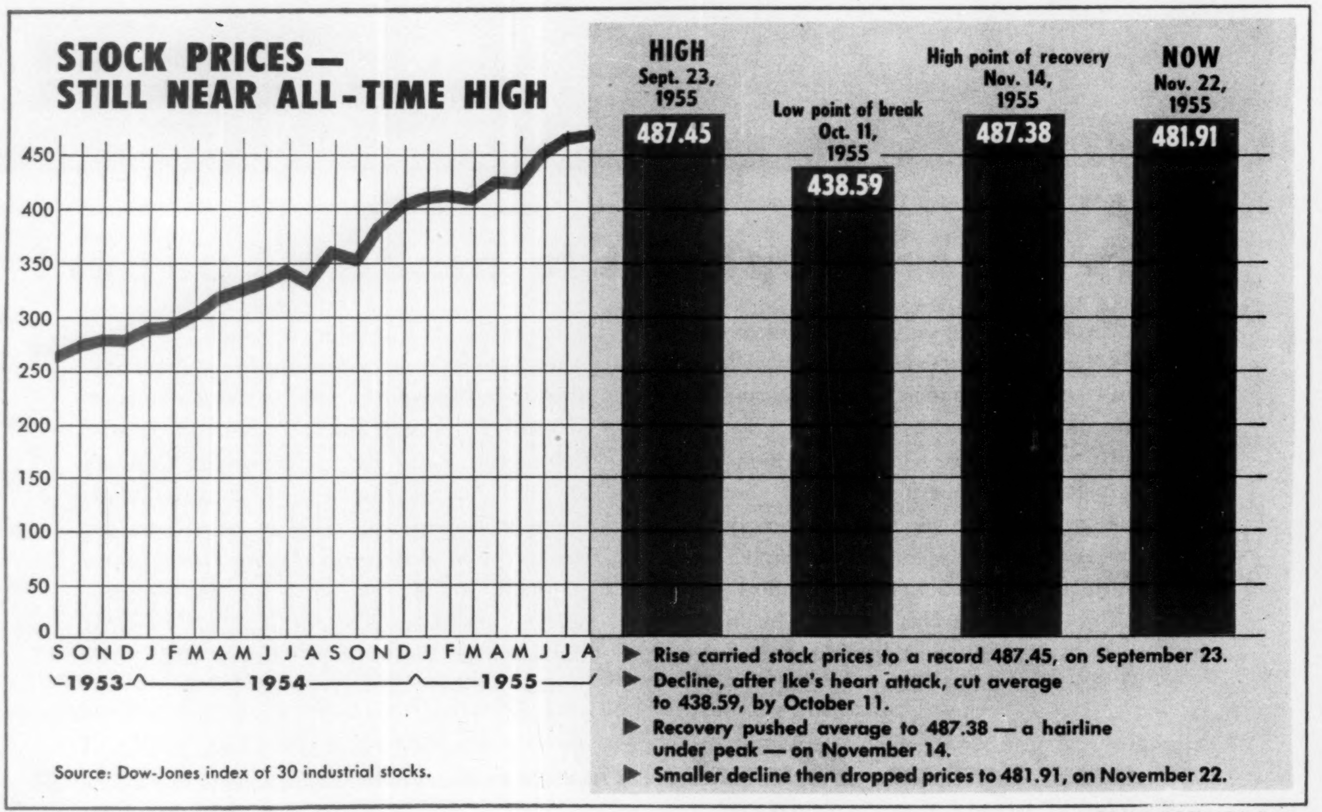
These increases will be reflected only in part in the record total of dividends to be paid in 1955. They will show up in full next year.

For the year 1955, dividends for stocks on the Dow-Jones list are estimated at a level that means a yield of 4.40 per cent on the basis of today's prices of shares. This is a higher yield than prevailed at most previous highs in the market.

At the 1929 peak, for example, the dividend yield on Dow-Jones stocks was at 3.30 per cent. It was 3.70 at the 1937 peak and 3.22 at the 1946 market high.

Stock yields are higher, too, in relation to bond yields than at earlier times of bull-market highs. At recent prices, the

(Continued on page 122)



STOCK PRICES— STILL NEAR ALL-TIME HIGH

- ▶ Rise carried stock prices to a record 487.45, on September 23.
- ▶ Decline, after Ike's heart attack, cut average to 438.59, by October 11.
- ▶ Recovery pushed average to 487.38 — a hairline under peak — on November 14.
- ▶ Smaller decline then dropped prices to 481.91, on November 22.

Source: Dow-Jones index of 30 industrial stocks.

© 1955, By U.S. News Pub. Corp.

Investors
DIVERSIFIED SERVICES, INC.
SIXTY-FIRST ANNIVERSARY

FACE AMOUNT CERTIFICATE COMPANY

Investors **SYNDICATE OF AMERICA, INC.** A face amount certificate company issuing installment certificates having 6, 10, 15 and 20 year maturity values and single payment face amount certificates.

MUTUAL FUNDS

Investors **MUTUAL, INC.** An open-end management type mutual fund diversifying its investments among common stocks, preferred stocks and bonds.

Investors **STOCK FUND, INC.** An open-end management type mutual fund diversifying its investments among common stocks and other equity securities.

Investors **SELECTIVE FUND, INC.** An open-end management type mutual fund diversifying its investments among bonds, preferred stocks, and other senior securities.

Investors **GROUP CANADIAN FUND LTD.** A Canadian open-end management type *mutual fund* with objectives of participating in the development of the resources of Canada through *diversified investments* principally in common stocks of Canadian enterprises, and obtaining for its shareholders certain *tax advantages* under Canadian Law.

★

This is not an offer to sell these securities. They are subject to the registration and prospectus requirements of the Federal Securities Act and to qualification requirements of the various states. Information about the issuer, the securities and the circumstances of the offering is contained in the prospectus which must be given to the buyer.

Prospectuses relating to the shares of capital stock or certificates of the above companies may be obtained from the national distributor and investment manager by sending your name and address to:

INVESTORS DIVERSIFIED SERVICES, INC., DEPT. 871, INVESTORS BUILDING, 8th & Marquette, Minneapolis 2, Minn.

Drop in corporation profits expected next year, but high level of business probably will boost dividends . . .

stock yield on the Dow-Jones list was a bit more than 42 per cent above the yield on high-grade corporate bonds in Moody's list—figured at a slightly later date than the latest ratio in the chart on this page.

At the 1929 peak, the stock yield was 31.2 per cent below the bond yield. It was 11.4 per cent above the bond yield in 1937 and 28.3 per cent above 1946.

Outlook for 1956 also is being taken into account by investors. It is generally accepted now that 1956 will show a higher level of business activity, on the average, than 1955—though business may be in a downward trend in part of 1956. A record level of spending by business for new plant and equipment is counted on for strong support.

Corporations are expected to retain less of their earnings next year, passing out more to shareholders—even if profits shade off a bit.

Here is how things shape up for a 1955-56 comparison, on the basis of estimates by the Economic Unit of *U. S. News & World Report:*

Profits of all corporations together in 1955 will be about 27 per cent above 1954. In 1956, a decline of about 6 per cent from 1955 seems likely.

Dividends in 1955 will be about 8 per cent above 1954. In 1956, a further gain of 5 to 6 per cent is by no means unlikely.

A rough evaluation of recent stock prices, in terms of prospective earnings and yields, can be obtained on this basis. Assume, as an approximate guide, that 1956 profits on the Dow-Jones list average about 2 per cent below 1955 levels, and that dividends on the list average about 4 to 5 per cent higher.

On these assumptions, stocks now are selling at prices that are about 13.5 times prospective earnings. They offer, on the same assumptions, a prospective dividend yield of about 4.61 per cent in 1956.

This yield, if it were to be realized in 1956, would be the highest since November, 1954. It would, however, be well below the average of 5.32 per cent for the last 10 years and the average of 5.83 per cent for the last five years.

Other developments also are coming in for attention from investors.

The Administration's effort to avoid inflation by shrinking money and credit supplies is one of these. Money managers in the Government are determined to slow the rise in business borrowing and

YIELDS TO INVESTORS: STOCKS vs. BONDS

When the stock market was at —	Average yield on stocks was —	Average yield on bonds was —	Stock yields as per cent of bond yields were —
1929 HIGH (Sept. 3)	3.30%	4.80%	68.8
1937 HIGH (Mar. 10)	3.70%	3.32%	111.4
1946 HIGH (May 29)	3.22%	2.51%	128.3
1949 LOW (June 13)	6.86%	2.71%	253.1
1953 HIGH (Jan. 5)	5.33%	2.99%	178.3
1953 LOW (Sept. 14)	6.22%	3.30%	188.5
1955 HIGH (Sept. 23)	3.91%	3.13%	124.9
November 18 close	4.33%	3.08%	140.6

Note: Yield figures are for Dow-Jones industrial stocks and Moody's weekly averages for AAA corporate bonds.

© 1955, By U.S. News Pub. Corp.

NOW . . . offered to *you* for the first time!

NOW you can bind all types of literature with MODERN
New Dramatic Ultra Deluxe
GBC
FREE
GBC Plastic Bound
GBC Plastic Cover

"MANUAL OF MODERN PLASTIC AND LOOSE LEAF BINDING."

This handsome, elaborate Manual—colorfully GBC plastic bound—has been months in preparation and is one of the most expensive and idea stimulating books ever offered for selected distribution. Illustrates the many advantages of the modern GBC Binding System . . . increased efficiencies . . . savings in time and money . . . greater prestige, readership, and life for catalogs, reports and presentations. Pages lie flat—turn easily. You and your staff will want to examine this informative manual.

Send for your FREE copy today. Supply is limited.

General Binding Corporation
812 W. Belmont Ave., Dept. USN-12, Chicago 14, Ill.

the
AMERICAN
APPRAISAL
company
leader in property valuation
Home Office: Milwaukee 1, Wis.

SAVINGS PAY YOU 5% INTEREST

- 5% interest per year
- Accounts opened by 15th of the month earn from the 1st.
- Assets over $8 million.

Send your check today!
Or, write for free details now

SILVER STATE SAVINGS
& Loan Association
Dept. US-12, Las Vegas, Nevada

. . . Federal policy— spread out the boom

in some prices. They want to save some of the boom for 1956, rather than let it run out quickly.

Further tightening of the squeeze on credit could bring new increases in interest rates. This could mean a narrowing margin between stock yields and bond yields.

Assume, just to illustrate, that the yield on high-grade bonds of corporations rises from the recent 3.08 per cent to a level of 3.40 per cent—the high touched in the money squeeze of mid-1953. An average stock yield then of, say, 5.32 per cent would mean a dividend yield that is 56 per cent above the bond yield. This would compare with a stock yield 79 per cent above the bond yield in 1953 and 136 per cent above 1949 and 1950.

An even tighter squeeze on credit, investors are aware, could bring on a business slump just as it did in early 1953.

These trends in yields, prices and official credit policy are what investors generally are watching in order to obtain clues to stock prices in the period ahead.

What happens to stock prices themselves is likely to depend, to a considerable degree, on whether investors place more emphasis on high earnings and dividend prospects, or on some of the factors that may call for caution.

› **Pension funds.** A new gimmick now is being offered to employers with small numbers of workers, if those employers want to set up pension plans for their employes. The Treasury has ruled that a bank's "group trust"—in which small funds will be mixed and administered as one large fund—will qualify as a tax-exempt pension fund. Other banks are expected to set up such group trusts.

› **What's in a name.** Your corporation's good name, rules Internal Revenue, is "an intangible capital asset of indefinite life." You can, in other words, report as a capital gain—rather than ordinary income—your profit on the sale of your corporation name.

› **Splits vs. cash.** Action in DuPont's common stock last week shows how much importance investors attach to stock splits these days. The stock had been bid up to 241 at the opening of the day on which the company's directors were meeting. Out of that meeting came announcement of an increase in the year-end dividend to $3—from $2.50 last year—but not the anticipated news of a split in the firm's shares. Result: A quick drop in price to 228½. Part of this loss was recovered later.

Patented Dry Powder... Applied in Water Solution by Spray Process or Immersion... Provides Superior Paint Bond

KELITE®

KEYKOTE® 25

U.S. Patents No. 2,557,509 and No. 2,715,059
Additional Patents in Process

KEYKOTE 25 provides a tough, dense molybdate coating on mild steel at minimum cost.

Corrosion resistant equipment is not required for KELITE KEYKOTE 25; ordinary black iron is satisfactory. This patented product forms a ferromolybdate coating meeting all JAN-C-490, Grade 1, requirements.

KEYKOTE 25 is a stable dry powder. It is applied in a water solution to low-carbon steel by either spray process or immersion. Salt fog corrosion tests, bend tests, pressure-sensitive tape tests . . . prove the superiority of KEYKOTE 25 as a paint-bond coating.

Photomicrographs show the fine crystalline character of KEYKOTED bonding surface, with superior resistance to spalling, abrasion, and impact.

Write or phone for Bulletin 135 which gives a detailed report on this exclusive patented product producing superior paint bonds.

KELITE CORPORATION
1250 No. Main Street
Los Angeles 12, California, U.S.A.

Service Offices in 98 U.S. Cities and 16 Countries Abroad
Regional Sales Offices in Los Angeles, Berkeley Heights, N.J., Chicago, Dallas, Honolulu, Mexico City, Toronto

Serve The Great Champagne of France
MOËT
SCHIEFFELIN & CO., NEW YORK

4¾% ON SAVINGS PAID QUARTERLY
current rate • per annum • $100 multiples
FIRST WESTERN SAVINGS
AND LOAN ASSOCIATION
DEPT S
116 NORTH 3RD STREET LAS VEGAS, NEVADA
UNDER STATE GOVERNMENT SUPERVISION

Send A Copy To Your Friends ...WITHOUT CHARGE

U. S. NEWS & WORLD REPORT
24th & N Streets, N. W.
Washington 7, D. C.

Please send a free copy of "U. S. NEWS & WORLD REPORT" with my compliments to the persons listed below:

☐ If possible send the December 2, 1955 issue.

To.................................... To....................................
Address.................................... Address....................................
City....................Z........State.......... City....................Z........State..........

• • • • • •

To.................................... To....................................
Address.................................... Address....................................
City....................Z........State.......... City....................Z........State..........

Sender....................................
Address....................................
....

(Advertisement)

"In a thriving industry, today must always be the day when tomorrow is taking shape"

GORDON RANSOM

Sir Eric Bowater presided over Special Meetings of The Bowater Paper Corporation Limited and its Subsidiaries held in London on November 15, 1955, at which the plan for the reorganization of the capital structure of the Bowater Group was unanimously approved by all classes of shareholders.

In the course of his address, Sir Eric said:

Assuming ratification of the capital reorganization plan today, your Corporation will in future have outstanding £7,245,000 in 5½ per cent Preference shares and £19,200,000 in Ordinary or Common shares, a truly simple form of capital structure and one in keeping with the magnitude of your business, which now ranks as one of the great international industrial enterprises of our country and, perhaps of the Commonwealth. I say this advisedly, for today more than 50 per cent of our very considerable assets are represented by our various overseas interests, largely in North America, and the greater part of our earnings also stems from those interests.

Current Year's Progress

The plans we had made and embarked upon for the further development of your businesses here and overseas are progressing favorably, though in the United Kingdom more slowly than we would wish, for the times required for delivery of the necessary plant, equipment and steel are, unhappily, longer in this country than elsewhere. However, work has commenced on all the main projects involved and we shall do our utmost to complete them at the earliest possible moment, for the products they are designed to manufacture are sorely needed towards enabling us to meet all the demands on us for those products in the United Kingdom, the United States and from our export markets.

The projects we have under way include the installation of six new paper machines in the United Kingdom, four of which are designed to produce newsprint or differing grades of magazine paper at the Thames and Mersey mills. At Thames, too, there are also to be installed two tissue machines for the manufacture of such products as "Andrex," one of the many products for which our St. Andrew Mills are famous, and the demands for which have far outstripped the capacity of our present equipment.

North American Developments

In Canada our pulp and paper mills have embarked upon another scheme of modernization involving the still further speeding up of their pulp and paper machines to achieve yet greater production and higher efficiency. In that country also the Bowater Power Company has decided upon the installation of further hydro-electric generating capacity by the harnessing of the Corner Brook River in the Province of Newfoundland, where the demand for power, both by our own paper mills and for other industries and public use generally, continues steadily to expand.

In the United States rapid progress is being made by Bowaters Southern Paper Corporation in the installation of that Company's third newsprint machine at their mills in Tennessee. I anticipate that shortly after the third machine comes into operation in the autumn of next year these mills will be capable of producing upwards of 300,000 tons of newsprint per annum, which will bring our total productive capacity in North America up to more than 600,000 tons a year—no mean contribution to the solution of the grave problem of an adequate supply of newsprint.

There is one other important development in North America upon which we have determined, that is the construction on a site adjacent to our mills in Calhoun, Tennessee, of a fibre building board plant designed to produce not less than 120 million feet per annum of this material. This development should prove a profitable venture, and it is expected that it will be in operation within two years from now.

We have no reason to be ashamed of our contribution towards the solution of the problem of an adequate supply of paper and paper products to fill the ever-growing needs of the Western world, especially in the field of newsprint. In a thriving industry, today must always be the day when tomorrow is taking shape and our approach to this problem cannot be termed in any way timid or lacking in the pioneer spirit. Moreover, our dollar earnings in North America are also not without importance to that economy.

Current Earnings

From figures available to date, I would judge that our earnings for the current year should compare favorably with those of past years, but I would, of course, remind you that our last earnings report covered a period of 15 months.

That our earnings should have continued on a satisfactorily expanding level is something that one might expect, having regard to the truly vast capital sums we have expended on new plant and equipment since the war and on which we expect to earn a reasonable return.

The interim dividend recently paid on the present outstanding Ordinary capital of £9,600,000 has led to speculation in some quarters as to the rate of the final dividend that may be paid on the increased Ordinary capital now proposed. Of course no decision in regard to this matter has yet been reached nor, indeed, can be reached until after the consolidated accounts for the year are made up.

While it is not for me to anticipate the final dividend which your Board may recommend on the increased capital now proposed, I do feel free to express my own private opinion that the results for the current year would justify the payment of a final dividend on the increased Ordinary capital of £19,200,000, of not less than six per cent.

One other matter that will be of interest to you—and again perhaps of particular interest to our Ordinary or Common shareholders—we have decided that the time has now arrived when we should issue a half-yearly statement of profits and we propose to adopt this policy in future, commencing with our next financial year. The publication of this half-yearly statement will henceforth coincide with the declaration of our interim dividend.

Newsprint Costs

Not unnaturally perhaps, there has recently been widespread comment in the Press on the matter of the price for newsprint, particularly in North America, where a modest increase in the price for that commodity, the first since June, 1952, has been announced by a number of newsprint manufacturers, including ourselves. In common with other commodities, the cost of newsprint production in North America has continued steadily to increase during that period of three and a half years. During this period these added costs have been absorbed by those mills, but they could no longer continue to do so and the time had arrived when some part of them had to be passed on to the consumer.

From much of the comment that I have read I have gained the impression that this matter of the price of newsprint has got a little out of perspective and it was with interest therefore that I read an editorial article on the subject in a recent issue of "Barron's," a highly respected American journal, and I feel that I cannot do better than to quote to you some extracts as follows:

> "*. . . nobody, naturally enough, likes to pay higher prices, nor will the burdens of publishing be lightened thereby. And yet in regard to newsprint, some hard facts—as well as one or two principles—appear in serious danger of going by default. For newsprint is, after all, a commodity much like any other, freely bought and sold in the marketplace. To producer or consumer, the latter's verdict may at times seem harsh. But any attempt to tamper with it, even in a worthy cause, is a game that simply isn't worth the candle.*"

The article goes on to say:

> "*. . . The price of newsprint, to be sure, has more than doubled since 1945. But virtually every other commodity has advanced at least as much and a good many have risen more. It's also worth noting that in some places newsprint is changing hands at up to $80 a ton more than the $125-130 quoted by the mills. The existence of this gray market tends to suggest that the price of newsprint is, if anything, too low . . .*
>
> *In any case, it is evident that over the years prices have not been high enough to invite the necessary expansion of capacity . . .*"

The author continues:

> "*Business men should be the last to attack the profit system. Above all, this is true of those who are genuinely concerned with the maintenance of a free press. For freedom, as somebody once observed, is indivisible. Without the freedom to buy and sell, other liberties very soon would be in jeopardy. Supply and demand today may dictate a higher quotation for newsprint and that for some will be an expensive and possibly painful affair. But the alternatives are doing without as much of the commodity as is needed, or putting it in the hands of the government. Either way, the ultimate cost to the publishing business, not to mention the nation as a whole, would be far greater. The open market, in sum, whatever its ups and downs, is scarcely a threat to the spread of the printed word. On the contrary the market is a bulwark of its accuracy and truth.*"

I find myself in complete accord with the views expressed in this article.

In the United Kingdom, too, costs of production and distribution have continued steadily to rise. For some months now the prices of our raw materials have been at a substantially higher level than for a long time past, and the indications are that we may be called upon to pay still higher prices for these materials in the coming year. Up to now in this country too the newsprint industry has absorbed these additional costs but it also cannot continue to do so indefinitely, and that our industry here will soon have to seek some appropriate upward adjustment in the price of its product towards meeting these increased costs is, in my opinion, inevitable.

Bowaters

THE BOWATER PAPER CORPORATION LIMITED

United States of America
Great Britain Canada Australia South Africa
Republic of Ireland Norway Sweden

Business Around the World

NEW DELHI • MILAN • TURIN

» In the stampede to build steel mills in India.....

U.S. is moving a shade faster than Soviet Russia.

U.S. firm, Henry J. Kaiser Company, is being retained by India's biggest steel producer, Tata Iron & Steel, to handle Tata's plant expansion of 700,000 tons. Cost will hit 130 million dollars. Whole job is to be completed in 30 months. Kaiser will do the design, construction, procurement. Tata will do the financing. It's a private-enterprise deal, in an India ruled by socialists.

» Soviet deal, still pending but expected to go through, is with Government of India for a Government-owned plant. It's to be a million-ton steel mill, built by Soviet technicians in India, to be completed by Dec. 31, 1959.

In addition: Krupp engineers from West Germany are being retained to put up a million-ton plant in India, and British steel men are dickering over still another million-ton plant. Both these are to be Government-owned plants.

Rumors of a Czechoslovakian deal with India are still just rumors.

Private businessmen in U.S. and India, as things stand, have more to show for their negotiations than do the government planners of India and Russia.

» In Italy, the boom varies from West Europe's pattern in this way:

Inflation fears are not in the air at all. Credit curbs are lacking. In fact, tendency is the other way. Italy wants more capital, not more curbs on it.

Unemployment among the unskilled is heavy. You don't find the universal shortage of labor you do elsewhere. Italy's skilled labor, though, is being drawn away by other countries at recruiting centers in Turin and Milan.

In other respects Italy's boom follows a pattern: Heavy spending by consumers. Prices moving up slowly. Most industries doing well. Textiles lagging.

» If you want to see luxury on display in Italy, take a look at Milan.

Milanese shops are filled with furs, jewels, motorboats, skiing equipment, silks, expensive automobiles, TV sets, household appliances. Prices are high, even by U.S. standards. For example: $350 for a 17-inch TV, table model.

These luxuries are not for the average worker. But big industrial families are heavy spenders. Expert observers in such matters will tell you that these Milanese make Americans look like pikers when it comes to throwing money around.

One explanation for free spending in Italy is widespread evasion of income taxes. Also, corporate taxes are low, by U.S. standards, and profit margins high.

» It's true that Milan took quite a pasting from bombers during the war. You wouldn't know it now. Building continues at a dizzy pace, as it has for 10

(over)

years. New office buildings, some of them skyscrapers, are as lush as palaces.

A new trend is making itself felt in residential building. Single-family houses are going up in the suburbs. This never happened before. It seems to herald the emergence of a brand-new middle class in Italy.

Housing for workers, subsidized by Government, is spreading, too. For these houses, rent controls apply. Rents elsewhere in Milan are at Park Avenue levels.

» Italy's low-income people in Milan and Turin still spend most of their pay on food and wine. But there's more left over now for movies and motor scooters.

Installment buying is still in its infancy in industrial Italy.

Interest charges, if you buy on time, are high--up to 15 and 18 per cent. The buyer has to give a promissory note. If there's a default, he is thrown in jail. Ownership of the article doesn't pass until the very last lira is paid.

» Textiles aren't sharing Italy's boom. As Italian textile men see it.....

Textile sales tend to droop during booms. People spend less on clothing, proportionately, more on hard goods. So Italy's textile industry is working well below capacity. Some workers have had to be let out. Scramble for markets is frantic. Trouble is, textiles throughout the West face same problem.

Export markets are dwindling in so-called underdeveloped countries. Each has its own textile plants. Then, there are tariffs and quotas to face.

New markets are therefore sought behind the Iron Curtain. One of Italy's biggest makers of textiles is sending more and more rayon filament and staple fiber to Soviet Europe and Communist China. Right now, the head of this firm is in Moscow on Soviet invitation. He hopes for more business, of course.

The industrialist has 38,000 workers to keep busy, has to sell where he can. He knows Soviet orders can suddenly "conk out," feels he just has to risk that.

» Communist labor unions no longer scare Italian industrialists, even in the Communist strongholds in Northern Italy.

One reason is that management now sees to it that concessions to labor go to "free" unions, to build up their prestige. Another reason is that management influences plant elections by bonuses to workers who vote "right." And threats by U.S. to cancel offshore-procurement orders have had their effect.

It's now agreed that Italian Communists are having a difficult time. Party membership is falling off. Fewer cells are in operation. Communist funds are no longer so ample. Contributions are declining, especially from industrialists who for years played it safe by contributing money to the Communist cause.

» U.S. investors and manufacturers are showing new interest in Italy.

Wall Street financiers are buying into an industrial bank in Milan, looking at plant investments in Northern Italy. American manufacturers are waiting for liberalizing of Italy's foreign-investment laws--expected early next year.

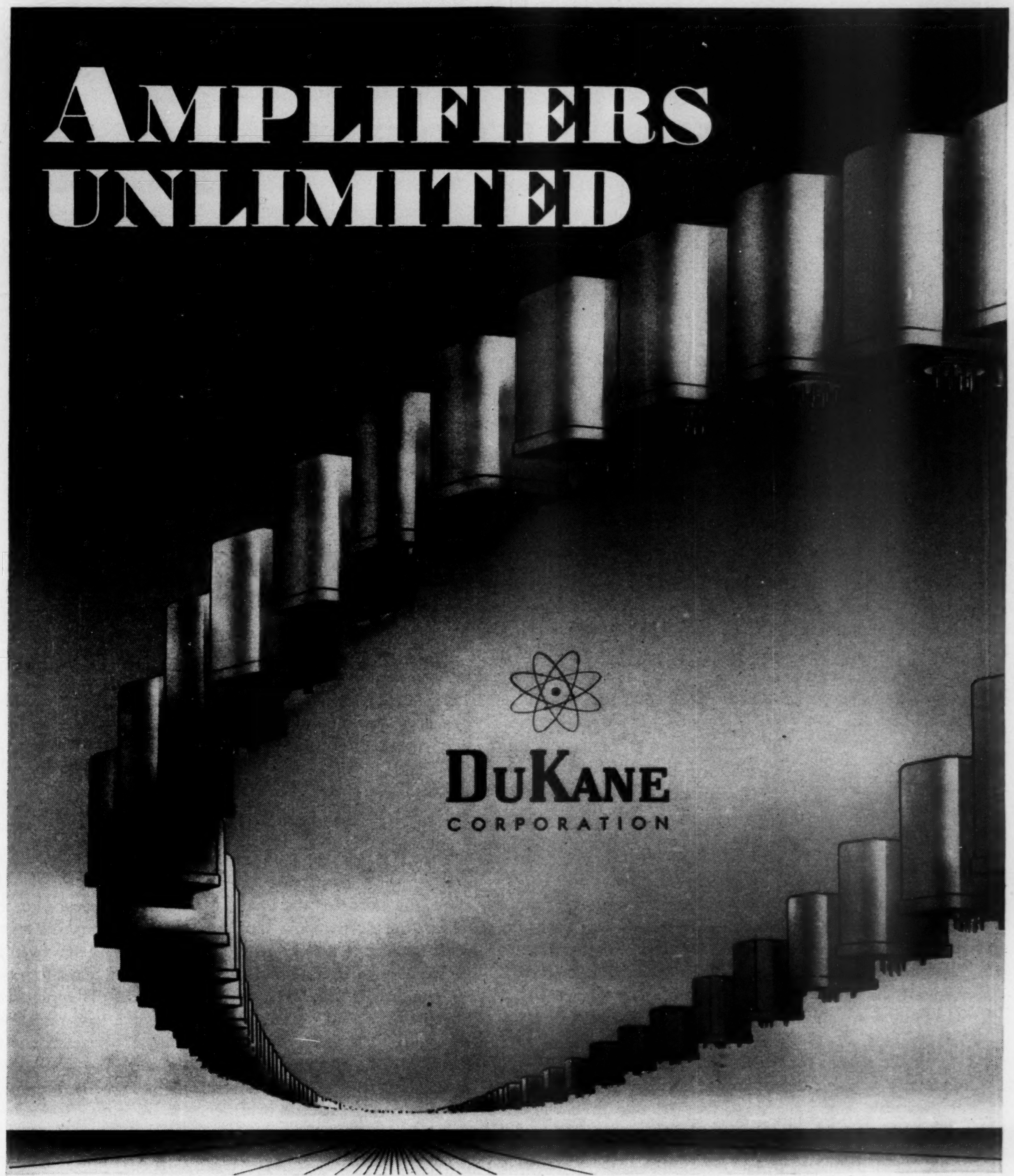
But it's no bed of roses for the 700 U.S. firms now operating in Italy.

For example: One U.S. firm wanted to open a typewriter plant in Naples, where there's much unemployment. At once a big Italian manufacturer organized a noisy protest among his workers in Northern Italy and used every trick in the bag to block the Naples plant. Italian politicians got into the act.

The U.S. plant finally opened this year, after five years of haggling.

Competition isn't something Italian firms take to kindly.

AMPLIFIERS UNLIMITED

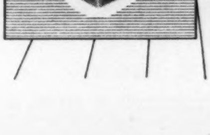


IF YOUR DEFENSE PROJECT requires rugged, precise tolerance amplifiers delivered in quantity on schedule at low cost, ask the manufacturer who has produced the largest quantity. Write, wire or phone Government Division, DuKane Corporation, St. Charles 4, Illinois

DuKane is also a pioneer since 1922 in the building of commercial electronics. Ask about them.

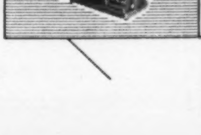
SOUND SYSTEMS

NURSES CALL



FLEXIFONE INTERCOMS

SOUND
SLIDEFILM PROJECTORS



AUTOMATIC
PRIVATE TELEPHONES

(This page presents the opinion of the Editor. The news pages are written by other staff members independently of these editorial views.)

WHO SPEAKS FOR THE DEMOCRATS?

BY DAVID LAWRENCE

MR. STEVENSON, DEMOCRAT, calls for "moderation" and says it is "the spirit of the times."

Mr. Harriman, Democrat, says that there is no such word as "moderation" in the Democratic Party's vocabulary.

Mr. Truman, Democrat, says that Mr. Stevenson's speech at the meeting of the Democratic National Committee in Chicago recently was "the best New Deal speech I ever heard him make." It was in this same address that Mr. Stevenson used the word "moderation."

Mr. Harriman, Democrat, says the Eisenhower foreign policy is "classic in the history of bungling."

Senator Walter George of Georgia, Democrat, Chairman of the Senate Foreign Relations Committee, says that the American delegation did a good job at the Geneva conference.

Senator Lyndon Johnson of Texas, Democratic leader, praises Senator George as largely responsible for Mr. Eisenhower's decision to go to Geneva to talk with the Russian rulers.

Senator Estes Kefauver of Tennessee, Democrat, says that the Administration's objectives in foreign policy are all right, but that Democrats differ from the Republicans in the "methods" to be used in achieving those objectives.

Dean Acheson, Democrat, who used to be criticized by the Republicans when he was Secretary of State and is, therefore, entitled to strike back in the political arena, says that the Eisenhower Administration has had a bad foreign policy. He ridicules the use by Mr. Dulles of the phrase, "massive retaliation," but leaves everybody wondering if the Acheson alternative, in case of an atomic attack by Soviet planes on the people of the United States, would be "massive acquiescence."

Who speaks for the Democrats?

Obviously a frank discussion of foreign policy is always desirable and necessary. Our friends in Europe are, of course, used to the devious tactics of politicians. We now are told nevertheless that "American prestige abroad"—which seems to die every time a returning traveler speaks his partisan mind—has been "damaged" by the Stevenson-Harriman criticisms.

The truth is our foreign policy ought to be widely discussed both here and abroad. For the issue of war or peace is paramount.

So it is important to know what the Democrats propose. Did they, for instance, want Mr. Eisenhower to take Messrs. Bulganin and Khrushchev and Molotov by the nape of the neck at Geneva and give them an ultimatum to behave "or else"?

Do the Democrats now propose that American military forces be used to compel agreement by the Kremlin? If not, then why do they accuse the Eisenhower Administration of being responsible for the "failure" at Geneva? Wouldn't it be patriotic, to say the least, if the Democratic spokesmen assumed that the United States Government and its President and Secretary of State are not responsible for the intransigeance of a Molotov or the intrigue of the Kremlin Communists?

If the Democratic Party spokesmen of today begin to needle the Eisenhower Administration with the argument that it should be deliberately threatening use of military power to coerce Soviet Russia into compliance, then the impression will grow that the Democrats—in the event they win the next election—would drag the American people into a nuclear war, notwithstanding their present professions of a peaceful purpose, which also preceded the outbreaks of other wars.

The Democrats not only should be emphasizing peaceful methods but should be telling the country what they would have done differently—what proposals they would have made at the Geneva conferences, and just what frowns instead of smiles they would have used to bring the Kremlin negotiators to their knees.

As for domestic issues, does Mr. Harriman believe that "extremism" instead of "moderation" is the right word for the Democratic Party's vocabulary? Would he destroy the free-enterprise system and give state socialism further impetus? What measures would he ask Congress to repeal? And how would Mr. Stevenson champion "moderation" when, behind a Democratic President, would be the radical organizations and the labor-union bosses who put up most of the campaign funds and do most of the campaigning? Wouldn't the laws demanded by the bosses foment labor strife, and wouldn't they unsettle confidence in business expansion and bring on panic?

Is this what the extremists want—to erect on the shambles of a shattered economy an Administration dedicated to more of the New Deal's state socialism?

It's time for the Democratic spokesmen—if they can ever repair their badly split party—to clarify their position and tell the American people what the Democratic Party stands for and what really may be expected if it is entrusted with power by the people in 1956.

For full text of Stevenson and Harriman speeches, see pages 110-115.

To: Frank From Jim
1949
IMPORTED
Canadian Club
Blended Canadian Whisky
Distilled and Blended by
Hiram Walker & Sons
Limited
Walkerville, Ontario, Canada
THIS WHISKY IS 6 YEARS OLD
90.4 U.S. PROOF

Here's how *"The Best In The House"* comes luxury gift-wrapped!

You just sign it.... and give it!

You buy it all wrapped up! No extra charge. No waiting to have your purchase gift-wrapped. And when have you ever seen a more impressive package! Inside is the celebrated globe-trotter that will help celebrate Christmas in 87 countries this year. Canadian Club is *light* as scotch, *rich* as rye, *satisfying* as bourbon. Welcome to anyone, whatever his taste in whisky.

6 YEARS OLD
90.4 PROOF

IMPORTED
Canadian Club

In 87 Lands . . . The Best Gift In The House

"Canadian Club"

IMPORTED WHISKY · MADE BY HIRAM WALKER

Imported in bottle from Canada by Hiram Walker Importers Inc., Detroit, Mich. • Blended Canadian Whisky

© Hiram Walker & Sons Inc. 1955

"This is Business?"

IT IS the pleasant aftermath of a successful business trip concluded by the young executive in South America. Now he and his wife are relaxing on their way home.

His road was smoothed by the preliminary work and initial research done by our unique Trade Development Department.

This department, exclusive with Mooremack, arranged the young man's appointments with key South Americans—*in advance*—and handled his entire itinerary.

A Perfect Office...

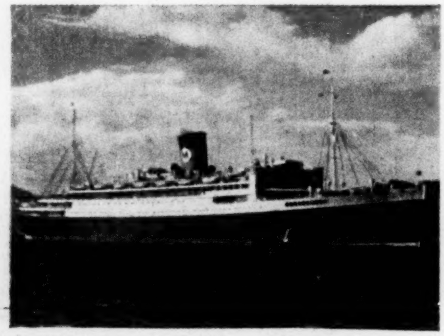
IF YOU have business in S.A., and your time is limited, *fly* down—cruise back over calm seas in a 33,000-ton Mooremack Luxury Liner. It takes only 7 working days from Rio to New York.

Returning, you'll find your spacious outside stateroom a quiet "office" for resting ... collecting your thoughts ... and writing up reports.

If you'd like advance information on supply sources and outlets abroad—as well as responsible business contacts—call on us. We'll do our best to help you.

MOORE-McCORMACK
Lines

Five Broadway, New York 4, N.Y.



38-day Cruise to South America

S. S. ARGENTINA ... S. S. BRAZIL ... 38-day cruises to South America—from $1,110. 33,000-ton liners sail every three weeks between New York, Trinidad, Barbados, Bahia, Rio de Janeiro, Santos (São Paulo), Montevideo, Buenos Aires. See your travel agent for details.